

109TH CONGRESS
2D SESSION

S. 2357

To provide for economic security and prosperity.

IN THE SENATE OF THE UNITED STATES

MARCH 2, 2006

Mr. KENNEDY introduced the following bill; which was read twice and referred
to the Committee on Finance

A BILL

To provide for economic security and prosperity.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Right Time to Reinvest
5 in America’s Competitiveness and Knowledge Act” or the
6 “Right TRACK Act”.

7 **SEC. 2. TABLE OF CONTENTS.**

8 The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

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CREATING HIGH QUALITY JOBS

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1 **TITLE I—INVESTING IN THE**
 2 **ECONOMY OF THE FUTURE**
 3 **AND CREATING HIGH QUAL-**
 4 **ITY JOBS**

5 **Subtitle A—Supporting Innovation**
 6 **for the Economy of the Future**

7 **CHAPTER 1—PRESIDENTIAL RESEARCH**
 8 **AND DEVELOPMENT COMMISSION**

9 **SEC. 1111. RESEARCH AND DEVELOPMENT ADVISORY COM-**
 10 **MITTEE.**

11 (a) IN GENERAL.—There is established an advisory
 12 committee to be known as the “Presidential Research and
 13 Development Advisory Committee” (referred to in this sec-
 14 tion as the “Advisory Committee”) to advise the President
 15 with respect to competitive trends in global technology and
 16 industry and in allocating Federal resources in education
 17 and technology development.

18 (b) MEMBERSHIP.—

19 (1) IN GENERAL.—The Committee shall be
 20 composed of 25 members to be appointed by the
 21 President from among the individuals nominated
 22 under paragraph (2) and the ex officio members de-
 23 scribed in paragraph (3).

24 (2) NOMINATIONS.—Not later than 30 days
 25 after the date of enactment of this Act, the National

1 Academies of Science shall submit to the President
2 a list of 50 individuals nominated by the National
3 Academies for service as members of the Advisory
4 Committee. Such list shall include individuals who
5 have expertise in industry, science, technology, edu-
6 cation, and economics, including—

7 (A) representatives from vaccine produc-
8 tion, high tech manufacturing, computer
9 science, engineering, the energy sector, univer-
10 sity technology transfer offices, investors and
11 chief executive officers, biotechnology firms,
12 trade associations, academic researchers, and
13 economists;

14 (B) representatives from consumer organi-
15 zations; and

16 (C) representatives from patient or dis-
17 ease-specific advocacy groups.

18 (3) EX OFFICIO MEMBERS.—The following shall
19 be ex officio members of the Advisory Committee:

20 (A) The Secretary of Health and Human
21 Services.

22 (B) The Secretary of Defense.

23 (C) The Commissioner of Food and Drugs.

24 (D) The Director of the National Vaccine
25 Program.

1 (E) The Director of the National Institutes
2 of Health.

3 (F) The Director of the Centers for Dis-
4 ease Control and Prevention.

5 (G) The Secretary of Energy.

6 (H) The Administrator of the National
7 Aeronautics and Space Administration.

8 (I) The Secretary of Homeland Security.

9 (J) The Secretary of Commerce.

10 (4) CHAIRPERSON.—The members of the Advi-
11 sory Committee appointed under paragraph (1) shall
12 select a Chairperson from among such members.

13 (c) MEETINGS.—The Advisory Committee shall meet
14 on a biannual basis at the call of the Chairperson, except
15 that the initial meeting of the Advisory Committee shall
16 occur not later than 6 months after the date of enactment
17 of this Act.

18 (d) DUTIES OF THE ADVISORY COMMITTEE.—The
19 Advisory Committee shall—

20 (1) provide advice to the President with respect
21 to competitive trends in the global technology;

22 (2) provide advice to the President in the allo-
23 cation of Federal resources in education, job train-
24 ing, and technology development; and

1 (3) not later than 2 years after the date of en-
2 actment of this Act, and annually thereafter, submit
3 to the President and Congress a report containing
4 the recommendations of the Advisory Committee on
5 strategies to keep the United States a world leader
6 in research and development and technological inno-
7 vation, and the current status of the United States
8 in such areas.

9 (e) ADMINISTRATIVE PROVISIONS.—

10 (1) COMPENSATION.—

11 (A) IN GENERAL.—

12 (i) EMPLOYEES OF FEDERAL GOVERN-
13 MENT.—Each ex officio or other member
14 of the Advisory Committee that is an offi-
15 cer or employee of the Federal Government
16 shall serve on the Advisory Committee
17 without compensation in addition to that
18 received in their regular public employ-
19 ment.

20 (ii) OTHER MEMBERS.—Each member
21 of the Advisory Committee that is not an
22 officer or employee of the Federal Govern-
23 ment shall be compensated at a rate equal
24 to the daily equivalent of the annual rate
25 of basic pay prescribed for level IV of the

1 Executive Schedule under section 5315 of
2 title 5, United States Code, for each day
3 (including travel time) during which such
4 member is engaged in the performance of
5 the duties of the Advisory Committee.

6 (B) TRAVEL EXPENSES.—A member of the
7 Advisory Committee shall be allowed travel ex-
8 penses, including per diem in lieu of subsist-
9 ence, at rates authorized for an employee of an
10 agency under subchapter I of chapter 57 of title
11 5, United States Code, while away from the
12 home or regular place of business of the mem-
13 ber in the performance of the duties of the Ad-
14 visory Committee.

15 (2) STAFF.—

16 (A) IN GENERAL.—The Director shall pro-
17 vide the Advisory Committee with such profes-
18 sional and clerical staff, such information, and
19 the services of such consultants as may be nec-
20 essary to assist the Advisory Committee in car-
21 rying out the functions under this section.

22 (B) DETAIL OF FEDERAL GOVERNMENT
23 EMPLOYEES.—

24 (i) IN GENERAL.—An employee of the
25 Federal Government may be detailed to the

1 Advisory Committee without reimburse-
2 ment.

3 (ii) CIVIL SERVICE STATUS.—The de-
4 tail of the employee shall be without inter-
5 ruption or loss of civil service status or
6 privilege.

7 (C) PROCUREMENT OF TEMPORARY AND
8 INTERMITTENT SERVICES.—The Chairperson of
9 the Advisory Committee may procure temporary
10 and intermittent services in accordance with
11 section 3109(b) of title 5, United States Code,
12 at rates for individuals that do not exceed the
13 daily equivalent of the annual rate of basic pay
14 prescribed for level V of the Executive Schedule
15 under section 5316 of that title.

16 (3) AVAILABILITY OF RECORD TO CONGRESS.—
17 Upon the request of a Member of Congress, the
18 Chairperson of the Advisory Committee shall submit
19 to Congress a record of the proceedings of the Advi-
20 sory Committee.

**CHAPTER 2—INTERAGENCY WORKING
GROUP**

**SEC. 1121. ACCELERATING AND BROADENING PARTICIPA-
TION IN BIOMEDICAL, SCIENCE, ENGINEER-
ING, AND TECHNOLOGY RESEARCH IN THE
UNITED STATES.**

(a) JOINT WORKING GROUP.—

(1) ESTABLISHMENT.—The Director of the National Science Foundation (referred to in this section as the “Director”) shall establish a joint working group for the purpose of developing collaborative research with respect to physical and life sciences.

(2) REPRESENTATION.—The joint working group established under paragraph (1) shall be comprised of the Director and representatives from the Office of Science of the Department of Energy, the Office of Research and Engineering of the Department of Defense, the National Oceanic and Atmospheric Administration, the Environmental Protection Agency, the National Aeronautics and Space Administration, and any other Federal agencies determined appropriate by the Director.

(3) DUTIES.—The joint working group established under paragraph (1) shall—

1 (A) develop and recommend a permanent
2 mechanism, and establish temporary or perma-
3 nent programs as appropriate, to fund collabo-
4 rative research and development relating to the
5 physical and life sciences;

6 (B) establish temporary or permanent bi-
7 agency and multi-agency programs as appro-
8 priate, to fund collaborative research and devel-
9 opment relating to physical and life sciences
10 and the development of research tools for phys-
11 ical and life science applications;

12 (C) develop and recommend a permanent
13 mechanism, and establish temporary or perma-
14 nent multi-agency programs, to fund science,
15 engineering, and technology research with broad
16 impacts and particular relevance for public
17 health, environmental health, sustainability, and
18 other global issues of the future;

19 (D) establish multi-agency and multi-dis-
20 ciplinary peer review processes, as appropriate,
21 based on both intellectual merit and broader
22 impacts; and

23 (E) not later than 2 years after the estab-
24 lishment of the group, and every 2 years there-
25 after, submit to Congress a report describing

1 the activities of the group for the period for
2 which the report is submitted, including evalua-
3 tions of efforts to broaden participation in
4 science, engineering, and technology research by
5 underrepresented groups.

6 (4) TERMINATION.—The joint working group
7 established under paragraph (1) shall terminate on
8 the date that is 5 years after the date on which the
9 group is established under such paragraph.

10 (b) INCREASED FUNDING.—

11 (1) RESEARCH AND DEVELOPMENT.—The
12 heads of the agencies represented on the join work-
13 ing group under subsection (a), shall—

14 (A) enhance and improve activities for, and
15 establish additional grant programs to support,
16 research and development in multi-disciplinary
17 areas including biodefense, pharmacoepidemiol-
18 ogy, pharmacoeconomics, and high tech fields,
19 as necessary; and

20 (B) give special consideration to grant pro-
21 posals from researchers and research institu-
22 tions with demonstrated records of broadening
23 participation of underrepresented groups in
24 science, engineering, and technology.

1 (2) EDUCATION AND TRAINING.—The heads of
2 the agencies represented on the joint working group
3 under subsection (a) shall—

4 (A) enhance and improve activities for, and
5 establish additional grant programs to support,
6 the education, mentoring, and ongoing training
7 of undergraduate, graduate, early-career, and
8 mid-career researchers in multi-disciplinary
9 areas of research, including biodefense,
10 pharmacoepidemiology, pharmacoeconomics,
11 and high tech fields; and

12 (B) establish additional grant programs to
13 support the outreach to and recruitment of pre-
14 college students from underserved or disadvan-
15 taged communities by researchers at all stages
16 of their careers who are affiliated with degree-
17 granting institutions.

18 (3) BROADENING PARTICIPATION.—The heads
19 of the agencies represented in the joint working
20 group under subsection (a) shall ensure that the ac-
21 tivities authorized under paragraphs (1) and (2) pro-
22 mote full and equal development and use of the tal-
23 ents of men and women of all ethnic, racial, and eco-
24 nomic backgrounds, including individuals with dis-

1 abilities, in advancing the United States' competi-
2 tiveness in the global economy.

3 **CHAPTER 3—RESEARCH AND**
4 **DEVELOPMENT TAX CREDIT EXTENSION**

5 **SEC. 1131. FINDINGS.**

6 Congress finds the following:

7 (1) Research and development performed in the
8 United States results in quality jobs, better and
9 safer products, increased ownership of technology-
10 based intellectual property, and higher productivity
11 in the United States.

12 (2) Since 1994, private sector research and de-
13 velopment employment has grown at a faster rate
14 than overall private sector employment in the United
15 States. From 1994 to 2000, there was an average
16 annual growth rate of 5.4 percent in research and
17 development employment, compared with 2.7 percent
18 in total employment.

19 (3) The extent to which companies perform and
20 increase research and development activities in the
21 United States is in part dependent on Federal tax
22 policy.

23 (4) The private sector performed most of the
24 Nation's research and development and accounted
25 for more than two-thirds of total research and devel-

1 opment performance in 2003. Of the
2 \$194,000,000,000 in industrial research and devel-
3 opment performed in 2003, more than 90 percent
4 was funded by industry.

5 (5) Many of the countries with which the
6 United States competes have introduced new or re-
7 vised national plans for science, technology, and in-
8 novation policy, and a growing number of countries
9 have established targets for increased research and
10 development spending. Virtually all countries are
11 seeking ways to enhance the quality and efficiency of
12 public research, stimulate business investments in
13 research and development, and strengthen linkages
14 between the public and private sectors.

15 (6) Direct government support to business re-
16 search and development has declined, both in abso-
17 lute terms and as a share of business research and
18 development, and greater emphasis is being placed
19 on indirect measures, such as tax incentives for re-
20 search and development.

21 (7) Congress should make permanent a re-
22 search and development credit that provides a mean-
23 ingful incentive to all types of taxpayers.

1 **SEC. 1132. PERMANENT EXTENSION OF RESEARCH CREDIT.**

2 (a) IN GENERAL.—Section 41 of the Internal Rev-
3 enue Code of 1986 (relating to credit for increasing re-
4 search activities) is amended by striking subsection (h).

5 (b) CONFORMING AMENDMENT.—Paragraph (1) of
6 section 45C(b) of such Code is amended by striking sub-
7 paragraph (D).

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to amounts paid or incurred after
10 the date of the enactment of this Act, in taxable years
11 ending after such date.

12 **SEC. 1133. INCREASE IN RATES OF ALTERNATIVE INCRE-**
13 **MENTAL CREDIT.**

14 (a) IN GENERAL.—Subparagraph (A) of section
15 41(c)(4) of the Internal Revenue Code of 1986 (relating
16 to election of alternative incremental credit) is amended—

17 (1) by striking “2.65 percent” and inserting “3
18 percent”,

19 (2) by striking “3.2 percent” and inserting “4
20 percent”, and

21 (3) by striking “3.75 percent” and inserting “5
22 percent”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years ending after the
25 date of the enactment of this Act.

1 **SEC. 1134. ALTERNATIVE SIMPLIFIED CREDIT FOR QUALI-**
 2 **FIED RESEARCH EXPENSES.**

3 (a) IN GENERAL.—Subsection (c) of section 41 of the
 4 Internal Revenue Code of 1986 (relating to base amount)
 5 is amended by redesignating paragraphs (5) and (6) as
 6 paragraphs (6) and (7), respectively, and by inserting
 7 after paragraph (4) the following new paragraph:

8 “(5) ELECTION OF ALTERNATIVE SIMPLIFIED
 9 CREDIT.—

10 “(A) IN GENERAL.—At the election of the
 11 taxpayer, the credit determined under sub-
 12 section (a)(1) shall be equal to 12 percent of so
 13 much of the qualified research expenses for the
 14 taxable year as exceeds 50 percent of the aver-
 15 age qualified research expenses for the 3 tax-
 16 able years preceding the taxable year for which
 17 the credit is being determined.

18 “(B) SPECIAL RULE IN CASE OF NO
 19 QUALIFIED RESEARCH EXPENSES IN ANY OF 3
 20 PRECEDING TAXABLE YEARS.—

21 “(i) TAXPAYERS TO WHICH SUBPARA-
 22 GRAPH APPLIES.—The credit under this
 23 paragraph shall be determined under this
 24 subparagraph if the taxpayer has no quali-
 25 fied research expenses in any 1 of the 3

1 taxable years preceding the taxable year
 2 for which the credit is being determined.

3 “(ii) CREDIT RATE.—The credit de-
 4 termined under this subparagraph shall be
 5 equal to 6 percent of the qualified research
 6 expenses for the taxable year.

7 “(C) ELECTION.—An election under this
 8 paragraph shall apply to the taxable year for
 9 which made and all succeeding taxable years
 10 unless revoked with the consent of the Sec-
 11 retary. An election under this paragraph may
 12 not be made for any taxable year to which an
 13 election under paragraph (4) applies.”.

14 (b) COORDINATION WITH ELECTION OF ALTER-
 15 NATIVE INCREMENTAL CREDIT.—

16 (1) IN GENERAL.—Section 41(c)(4)(B) of the
 17 Internal Revenue Code of 1986 (relating to election)
 18 is amended by adding at the end the following: “An
 19 election under this paragraph may not be made for
 20 any taxable year to which an election under para-
 21 graph (5) applies.”.

22 (2) TRANSITION RULE.—In the case of an elec-
 23 tion under section 41(c)(4) of the Internal Revenue
 24 Code of 1986 which applies to the taxable year
 25 which includes the date of the enactment of this Act,

1 such election shall be treated as revoked with the
 2 consent of the Secretary of the Treasury if the tax-
 3 payer makes an election under section 41(c)(5) of
 4 such Code (as added by subsection (a)) for such
 5 year.

6 (c) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to taxable years ending after the
 8 date of the enactment of this Act.

9 **SEC. 1135. EXPANSION OF RESEARCH CREDIT.**

10 (a) EXPANSION OF CREDIT TO EXPENSES OF GEN-
 11 ERAL COLLABORATIVE RESEARCH CONSORTIA.—Section
 12 41 of the Internal Revenue Code of 1986 (relating to cred-
 13 it for increased research activities) is amended—

14 (1) by striking “an energy research consor-
 15 tium” in subsections (a)(3) and (b)(3)(C)(i) and in-
 16 serting “a research consortium”,

17 (2) by striking “energy” each place it appears
 18 in subsection (f)(6)(A),

19 (3) by inserting “or 501(c)(6)” after “section
 20 501(c)(3)” in subsection (f)(6)(A)(i)(I), and

21 (4) by striking “ENERGY RESEARCH” in the
 22 heading for subsection (f)(6)(A) and inserting “RE-
 23 SEARCH”.

24 (b) EFFECTIVE DATE.—The amendments made by
 25 this section shall apply to amounts paid or incurred after

1 the date of the enactment of this Act, in taxable years
 2 ending after such date.

3 **CHAPTER 4—INCREASING RESEARCH AND**
 4 **DEVELOPMENT**

5 **SEC. 1141. AUTHORIZATION OF APPROPRIATIONS FOR THE**
 6 **DEPARTMENT OF DEFENSE.**

7 (a) BASIC RESEARCH.—There is authorized to be ap-
 8 propriated for the Department of Defense for basic (6.1)
 9 research, for the research, development, test, and evalua-
 10 tion accounts of the Department, and for other accounts
 11 of the Department providing funding for such research,
 12 aggregate amounts as follows:

13 (1) \$1,565,801,000 for fiscal year 2007.

14 (2) \$1,722,381,000 for fiscal year 2008.

15 (3) \$1,894,619,000 for fiscal year 2009.

16 (4) \$2,084,080,000 for fiscal year 2010.

17 (5) \$2,292,489,000 for fiscal year 2011.

18 (6) \$2,521,737,000 for fiscal year 2012.

19 (7) \$2,773,911,000 for fiscal year 2013.

20 (b) APPLIED RESEARCH.—There is authorized to be
 21 appropriated for the Department of Defense for applied
 22 (6.2) research, for the research, development, test, and
 23 evaluation accounts of the Department, and for other ac-
 24 counts of the Department providing funding for such re-
 25 search, aggregate amounts as follows:

- 1 (1) \$4,908,093,000 for fiscal year 2007.
- 2 (2) \$5,398,903,000 for fiscal year 2008.
- 3 (3) \$5,938,793,000 for fiscal year 2009.
- 4 (4) \$6,532,672,000 for fiscal year 2010.
- 5 (5) \$7,185,939,000 for fiscal year 2011.
- 6 (6) \$7,904,533,000 for fiscal year 2012.
- 7 (7) \$8,694,987,000 for fiscal year 2013.

8 **SEC. 1142. AUTHORIZATION OF APPROPRIATIONS FOR THE**
 9 **NATIONAL SCIENCE FOUNDATION FOR RE-**
 10 **SEARCH AND RELATED ACTIVITIES.**

11 There is authorized to be appropriated for the Na-
 12 tional Science Foundation for Research and Related Ac-
 13 tivities, amounts as follows:

- 14 (1) \$4,826,250,000 for fiscal year 2007.
- 15 (2) \$5,308,875,000 for fiscal year 2008.
- 16 (3) \$5,839,763,000 for fiscal year 2009
- 17 (4) \$6,423,739,000 for fiscal year 2010.
- 18 (5) \$7,066,113,000 for fiscal year 2011.
- 19 (6) \$7,772,724,000 for fiscal year 2012.
- 20 (7) \$8,549,996,000 for fiscal year 2013.

1 **SEC. 1143. AUTHORIZATION OF APPROPRIATIONS FOR THE**
 2 **NATIONAL AERONAUTICS AND SPACE ADMIN-**
 3 **ISTRATION FOR RESEARCH AND DEVELOP-**
 4 **MENT ACTIVITIES.**

5 There is authorized to be appropriated for the Na-
 6 tional Aeronautics and Space Administration for research
 7 and development activities (including research and devel-
 8 opment activities for Space Flight Capabilities, research
 9 and development activities for Science, Aeronautics and
 10 Exploration, and other research and development activi-
 11 ties), aggregate amounts as follows:

- 12 (1) \$10,737,100,000 for fiscal year 2007.
- 13 (2) \$11,810,810,000 for fiscal year 2008.
- 14 (3) \$12,991,891,000 for fiscal year 2009.
- 15 (4) \$14,291,080,000 for fiscal year 2010.
- 16 (5) \$15,720,188,000 for fiscal year 2011.
- 17 (6) \$17,292,207,000 for fiscal year 2012.
- 18 (7) \$19,021,428,000 for fiscal year 2013.

19 **SEC. 1144. AUTHORIZATION OF APPROPRIATIONS FOR THE**
 20 **DEPARTMENT OF ENERGY FOR BASIC RE-**
 21 **SEARCH.**

22 There is authorized to be appropriated for the De-
 23 partment of Energy for the Office of Science for basic re-
 24 search, amounts as follows:

- 25 (1) \$4,135,000,000 for fiscal year 2007.
- 26 (2) \$4,548,500,000 for fiscal year 2008.

1 (3) \$5,003,350,000 for fiscal year 2009

2 (4) \$5,503,685,000 for fiscal year 2010.

3 (5) \$6,054,054,000 for fiscal year 2011.

4 (6) \$6,659,459,000 for fiscal year 2012.

5 (7) \$7,325,405,000 for fiscal year 2013.

6 **SEC. 1145. AUTHORIZATION OF APPROPRIATIONS FOR NA-**
 7 **TIONAL INSTITUTES OF HEALTH FOR RE-**
 8 **SEARCH AND DEVELOPMENT.**

9 There is authorized to be appropriated to the Na-
 10 tional Institutes of Health for research and development,
 11 amounts as follows:

12 (1) \$31,251,440,000 for fiscal year 2007.

13 (2) \$34,376,584,000 for fiscal year 2008.

14 (3) \$37,814,242,000 for fiscal year 2009.

15 (4) \$41,595,667,000 for fiscal year 2010.

16 (5) \$45,755,233,000 for fiscal year 2011.

17 (6) \$50,330,757,000 for fiscal year 2012.

18 (7) \$55,363,832,000 for fiscal year 2013.

19 **Subtitle B—Building the Economy**
 20 **of the Future**

21 **CHAPTER 1—NANOTECHNOLOGY**

22 **SEC. 1211. TAX CREDIT FOR INVESTMENT IN**
 23 **NANOTECHNOLOGY FIRMS.**

24 (a) IN GENERAL.—Part IV of subchapter A of chap-
 25 ter 1 of the Internal Revenue Code of 1986 (relating to

1 credits against tax) is amended by adding at the end the
 2 following new subpart:

3 **“Subpart G—Nanotechnology Development Credit**

4 **“SEC. 54A. CREDIT FOR PURCHASE OF NANOTECHNOLOGY**
 5 **DEVELOPER STOCK.**

6 “(a) ALLOWANCE OF CREDIT.—

7 “(1) IN GENERAL.—There shall be allowed as a
 8 credit against the tax imposed by this chapter for
 9 the taxable year an amount equal to the applicable
 10 percentage of the aggregate amount paid by the tax-
 11 payer for the purchase of qualified nanotechnology
 12 developer stock.

13 “(2) APPLICABLE PERCENTAGE.—For purposes
 14 of subsection (a), the applicable percentage is—

15 “(A) 5.25 percent for the taxable year in
 16 which the qualified nanotechnology developer
 17 stock is purchased,

18 “(B) 3.75 percent for the taxable year fol-
 19 lowing the year in which such stock is pur-
 20 chased,

21 “(C) 3 percent for the second taxable year
 22 following the year in which such stock is pur-
 23 chased,

1 “(D) 1.5 percent for the third taxable year
 2 following the year in which such stock is pur-
 3 chased,

4 “(E) 1.5 percent for fourth taxable year
 5 following the year in which such stock is pur-
 6 chased, and

7 “(F) 0 percent for any taxable year after
 8 the fourth taxable year following the year in
 9 which such stock is purchased.

10 “(b) LIMITATIONS.—

11 “(1) AMOUNT OF INVESTMENT ELIGIBLE.—No
 12 credit shall be allowed under subsection (a) with re-
 13 spect to amounts paid in any taxable year for the
 14 purchase of qualified nanotechnology developer stock
 15 which is in excess of \$10,000,000.

16 “(2) APPLICATION WITH OTHER CREDITS.—
 17 The credit allowed under subsection (a) for any tax-
 18 able year shall not exceed the excess of—

19 “(A) the regular tax for the taxable year
 20 reduced by the sum of the credits allowable
 21 under this part (other than subpart C thereof),
 22 over

23 “(B) the tentative minimum tax for the
 24 taxable year.

1 “(c) QUALIFIED NANOTECHNOLOGY DEVELOPER
2 STOCK.—For purposes of this section—

3 “(1) IN GENERAL.—The term ‘qualified
4 nanotechnology developer stock’ means any common
5 stock in a C corporation or any membership unit in
6 a State-registered limited liability company if—

7 “(A) as of the date of issuance of such
8 stock or membership unit, such corporation or
9 company is a qualified nanotechnology devel-
10 oper,

11 “(B) such stock is acquired by the tax-
12 payer at its original issue (directly or through
13 an underwriter) in exchange for money or other
14 property (not including stock), and

15 “(C) the proceeds of such issue are used
16 by such issuer during the 5-year period begin-
17 ning on the date of issuance for the develop-
18 ment, production, or sale of products using
19 nanotechnology.

20 “(2) QUALIFIED NANOTECHNOLOGY DEVEL-
21 OPER.—The term ‘qualified nanotechnology devel-
22 oper’ means any entity—

23 “(A) which is a C corporation or limited li-
24 ability company organized under the laws of
25 any State or of the United States,

1 “(B) which is a small business concern (as
2 defined in section 3(a) of the Small Business
3 Act), and

4 “(C) with respect to which a certification
5 under subsection (d) is in effect.

6 “(3) NANOTECHNOLOGY.—The term ‘nanotech-
7 nology’ means the science of understanding and ma-
8 nipulating matter on an atomic or molecular scale,
9 generally to create structures, and usually at a size
10 smaller than 100 nanometers.

11 “(d) CERTIFICATION.—

12 “(1) IN GENERAL.—The Secretary, in consulta-
13 tion with the National Nanotechnology Coordination
14 Office, shall certify an entity under this subsection
15 if such entity demonstrates by the submission of
16 such information as required by the Secretary that
17 not less than 51 percent of its activities relate to the
18 development, production, and sale of products using
19 nanotechnology.

20 “(2) REVOCATION.—The Secretary shall revoke
21 the certification of any entity which is certified
22 under paragraph (1) if the Secretary determines
23 that—

24 “(A) the proceeds from any qualified
25 nanotechnology developer stock issued by such

1 entity are used during the 5-year period fol-
 2 lowing such issue for a purpose other than the
 3 development, production, or sale of products
 4 using nanotechnology, or

5 “(B) such entity no longer meets the re-
 6 quirements of paragraph (1).

7 “(3) SUBMISSION OF INFORMATION.—The Sec-
 8 retary may require any entity certified under para-
 9 graph (1) to provide such information as the Sec-
 10 retary may require in order ensure compliance with
 11 the purposes of this section.

12 “(e) CARRYOVER OF UNUSED CREDIT.—

13 “(1) IN GENERAL.—If the credit amount allow-
 14 able under subsection (a) for a taxable year exceeds
 15 the amount of the limitation under subsection (h)
 16 for such taxable year, such excess shall be allowed
 17 as a credit carryforward for each of the 20 taxable
 18 years following the unused credit year.

19 “(2) RULES.—Rules similar to the rules of sec-
 20 tion 39 shall apply with respect to the credit
 21 carryforward under paragraph (1).

22 “(f) RECAPTURE OF CREDIT.—If—

23 “(1) the taxpayer fails to hold qualified
 24 nanotechnology developer stock for the 7-year period

1 beginning on the date such stock was purchased by
2 the taxpayer, or

3 “(2) during such 7-year period, the issuer of
4 such stock ceases to be a qualified nanotechnology
5 developer,

6 then notwithstanding any other provision of this subtitle,
7 the tax imposed by this chapter on the taxpayer for the
8 taxable year beginning in the calendar year in which such
9 cessation occurred shall be increased by the aggregate
10 amount of credit allowed under subsection (a) to the tax-
11 payer with respect to such stock.

12 “(g) SPECIAL RULE.—For purposes of this section,
13 rules similar to the rules of section 1202(c)(3) shall apply.

14 “(h) BASIS ADJUSTMENTS.—For purposes of this
15 subtitle, if a credit is allowed under this section for the
16 purchase of any stock—

17 “(1) the increase in the basis of such stock
18 which would (but for this subsection) result from
19 such purchase shall be reduced by the amount of the
20 credit so allowed, and

21 “(2) the basis of such stock shall be increased
22 by the amount of any increase in tax by reason of
23 subsection (f).”.

24 (b) CONFORMING AMENDMENT.—Subsection (a) of
25 section 1016 of such Code is amended by striking “and”

1 at the end of paragraph (36), by striking the period at
 2 the end of paragraph (37) and inserting “; and”, and by
 3 adding at the end the following new paragraph:

4 “(38) to the extent provided in section 54A(h),
 5 in the case of amounts with respect to which a credit
 6 has been allowed under section 54A or a recapture
 7 imposed under section 54A(f).”.

8 (c) CLERICAL AMENDMENT.—The table of subparts
 9 for part IV is amended by adding at the end the following
 10 new item:

“SUBPART G. NANOTECHNOLOGY DEVELOPMENT CREDIT.”.

11 (d) EFFECTIVE DATE.—The amendments made by
 12 this section shall apply to amounts paid after December
 13 31, 2005.

14 **SEC. 1212. NANOTECHNOLOGY ASSISTANCE.**

15 (a) DEFINITIONS.—In this section:

16 (1) COMMERCIALIZATION.—The term “commer-
 17 cialization” means the process of converting
 18 nanotechnology research into products and processes
 19 that are used in the marketplace.

20 (2) DEGREE-GRANTING INSTITUTION.—The
 21 term “degree-granting institution” means an institu-
 22 tion of higher education, as defined in section 101
 23 of the Higher Education Act of 1965 (20 U.S.C.
 24 1001), that awards an associate or baccalaureate de-
 25 gree.

1 (3) INCUBATOR.—The term “incubator” means
 2 an entity affiliated with or housed in a degree-grant-
 3 ing institution that provides space and coordinated
 4 and specialized services to entrepreneurial businesses
 5 that work in the field of nanotechnology commer-
 6 cialization and that meets selected criteria during
 7 the businesses’ startup phase, including providing
 8 services such as shared office space and services, ac-
 9 cess to equipment, access to telecommunications and
 10 technology services, flexible leases, specialized man-
 11 agement assistance, access to financing, and other
 12 coordinated business or technical support services.

13 (4) NANOTECHNOLOGY.—The term
 14 “nanotechnology” means the science of under-
 15 standing and manipulating matter on an atomic or
 16 molecular scale, generally to create structures, and
 17 usually at a size smaller than 100 nanometers.

18 (5) SECRETARY.—The term “Secretary” means
 19 the Secretary of Commerce.

20 (b) GRANTS AUTHORIZED.—

21 (1) IN GENERAL.—The Secretary is authorized
 22 to establish within the Technology Administration of
 23 the Department of Commerce a grant program to
 24 support the establishment and development of incu-
 25 bators.

1 (2) ALLOCATION OF FUNDS.—From the
2 amount appropriated pursuant to the authorization
3 of appropriations in subsection (e) for a fiscal year,
4 the Secretary—

5 (A) shall use 80 percent of such amount
6 to—

7 (i) make awards, on a competitive
8 basis, in amounts of up to \$2,500,000, to
9 help acquire or renovate space for incuba-
10 tors; and

11 (ii) make awards, on a competitive
12 basis, in amounts of \$50,000 to \$150,000,
13 for—

14 (I) developing curricula related to
15 nanotechnology;

16 (II) providing services for com-
17 mercialization, including preparing
18 providing services to appropriate busi-
19 nesses including corporate charters,
20 partnership agreements, and basic
21 contracts, assistance with patents,
22 trademarks, and copyrights, and tech-
23 nology acquisition services; or

1 (III) providing programming for
2 entrepreneurs working in nanotech-
3 nology housed in an incubator;

4 (B) shall reserve 10 percent of the amount
5 to make awards, on a competitive basis, in
6 amounts of \$50,000 to \$150,000, for feasibility
7 studies for determining the need for or siting of
8 incubators; and

9 (C) shall reserve 10 percent for research
10 regarding best practices for incubator pro-
11 grams, including the development of a
12 benchmarking system based on uniform meas-
13 ures, and for dissemination of information re-
14 garding such practices.

15 (3) CONTRACTS.—The Secretary is authorized
16 to contract with organizations with expertise in incu-
17 bation practices for the purposes of carrying out
18 paragraph (2)(C).

19 (4) USES OF FUNDS.—Funds awarded under
20 paragraph (2)(A)(ii) may be used for—

21 (A) curriculum, training, or technical as-
22 sistance related to nanotechnology developed by
23 academic faculty with participation from entre-
24 preneurship experts;

1 (B) programming that contributes to a co-
2 ordinated set of business assistance tools, such
3 as developing management teams, providing
4 workforce development, forming strategic alli-
5 ances, developing capital formation networks,
6 and developing customized plans for commer-
7 cialization; and

8 (C) hiring staff to coordinate the activities
9 described in subparagraph (A) or (B) or for
10 curriculum development.

11 (5) RECIPIENTS.—The Secretary shall make an
12 award—

13 (A) described in paragraph (2)(A) to a
14 nonprofit entity that has a strong affiliation
15 with a degree-granting institution and manages
16 or provides technical assistance to the degree-
17 granting institution’s affiliated incubator, or if
18 no nonprofit entity manages or provides tech-
19 nical assistance to the incubator, to the degree-
20 granting institution managing the incubator;
21 and

22 (B) described in paragraph (2)(B) to a de-
23 gree-granting institution.

24 (6) APPLICATIONS.—Each entity desiring as-
25 sistance under this section shall submit an applica-

tion to the Secretary at such time, in such manner,
and accompanied by such information as the Secretary may require.

(7) SELECTION.—

(A) PRIORITY.—The Secretary shall give priority to funding applications under this subsection for activities that—

(i) will be carried out at a facility that is included in the Centers and Networks of Excellence of the research and development program known as the National Nanotechnology Initiative;

(ii) provide strong educational opportunities to students in fields related to nanotechnology and commercialization; and

(iii) require significant collaboration between businesses and academia.

(B) CONSIDERATION.—The Secretary may give consideration to funding applications under this subsection that support—

(i) the building of new incubators;

(ii) incubators that work with faculty entrepreneurs or university-based research;

(iii) incubators that are located in areas with an established venture capital

1 industry and other industry support, in-
2 cluding leadership and legal support, for
3 commercialization; or

4 (iv) incubators that have secured ad-
5 ditional private funding.

6 (c) NANOTECHNOLOGY STARTUP ADVISORY COUN-
7 CIL.—

8 (1) ESTABLISHMENT.—The Secretary shall es-
9 tablish a Nanotechnology Startup Advisory Council
10 composed of industry leaders, business and mar-
11 keting professionals, venture capitalists, attorneys,
12 and nanotechnology researchers.

13 (2) PURPOSE.—The purpose of the
14 Nanotechnology Start-up Advisory Council is to en-
15 sure that emerging nanotechnology companies create
16 a sound foundation for new business.

17 (d) REPORT.—Not later than September 30 of the
18 third fiscal year during which assistance is provided under
19 this section, the Secretary shall prepare and submit to
20 Congress a report that—

21 (1) describes the most effective or innovative
22 additions to curricula related to nanotechnology that
23 were developed with such assistance; and

24 (2) contains a comparison of the success of
25 nanotechnology companies developed in incubators

1 that received such assistance with the success of
2 other nanotechnology companies;

3 (3) describes any factors leading to success of
4 companies that were developed in incubators;

5 (4) recommends the best role for degree-grant-
6 ing institutions in commercialization; and

7 (5) contains a comparison of academic-affiliated
8 incubators of specific missions and ages that re-
9 ceived assistance under this section with other incu-
10 bators with similar missions and ages.

11 (e) AUTHORIZATION OF APPROPRIATIONS.—There
12 are authorized to be appropriated to carry out this section
13 \$25,000,000 for each of the fiscal years 2007, 2008, and
14 2009.

15 **CHAPTER 2—INVESTING IN HIGH-TECH** 16 **MANUFACTURING**

17 **SEC. 1221. MANUFACTURING EXTENSION PARTNERSHIP** 18 **PROGRAM.**

19 (a) IN GENERAL.—There is authorized to be appro-
20 priated for the National Institute of Standards and Tech-
21 nology for the Manufacturing Extension Partnership Pro-
22 gram amounts as follows:

23 (1) For fiscal year 2007, \$212,000,000.

24 (2) For fiscal year 2008, \$272,000,000.

25 (3) For fiscal year 2009, \$332,000,000.

1 (4) For fiscal year 2010, \$392,000,000.

2 (5) For fiscal year 2011, \$452,000,000.

3 (6) For fiscal year 2012, \$512,000,000.

4 (7) For fiscal year 2013, \$572,000,000.

5 (8) For fiscal year 2014, \$632,000,000.

6 (9) For fiscal year 2015, \$692,000,000.

7 (10) For fiscal year 2016, \$752,000,000.

8 (11) For fiscal year 2017, \$812,000,000.

9 (b) MANUFACTURING EXTENSION PARTNERSHIP
 10 PROGRAM DEFINED.—In this section, the term “Manufac-
 11 turing Extension Partnership Program” means the pro-
 12 gram of Manufacturing Extension Partnership carried out
 13 by the National Institute of Standards and Technology
 14 under section 26 of the National Institute of Standards
 15 and Technology Act (15 U.S.C. 278*l*), as provided in part
 16 292 of title 15, Code of Federal Regulations.

17 **SEC. 1222. ADVANCED TECHNOLOGY PROGRAM.**

18 There are authorized to be appropriated for the Na-
 19 tional Institute of Standards and Technology for carrying
 20 out the Advanced Technology Program under section 28
 21 of the National Institute of Standards and Technology Act
 22 (15 U.S.C. 278*n*), \$320,000,000 for each of the fiscal
 23 years 2007 through 2016.

1 **CHAPTER 3—DOMESTIC VACCINES**

2 **SEC. 1231. INCENTIVES FOR THE CONSTRUCTION OF DO-**
 3 **MESTIC VACCINE MANUFACTURING FACILI-**
 4 **TIES.**

5 (a) DOMESTIC VACCINE MANUFACTURING FACILI-
 6 TIES INVESTMENT TAX CREDIT.—

7 (1) ALLOWANCE OF CREDIT.—Section 46 of the
 8 Internal Revenue Code of 1986 (relating to amount
 9 of investment credit) is amended by striking “and”
 10 at the end of paragraph (3), by striking the period
 11 at the end of paragraph (4) and inserting “, and”,
 12 and by adding at the end the following new para-
 13 graph:

14 “(5) the vaccine manufacturing facilities invest-
 15 ment credit.”.

16 (2) AMOUNT OF CREDIT.—Subpart E of part
 17 IV of subchapter A of chapter 1 of such Code is
 18 amended inserting after section 45B the following
 19 new section:

20 **“SEC. 48C. VACCINE MANUFACTURING FACILITIES INVEST-**
 21 **MENT CREDIT**

22 “(a) IN GENERAL.—For purposes of section 46, the
 23 vaccine manufacturing facilities investment credit for any
 24 taxable year is an amount equal to 10 percent of the quali-
 25 fied investment for such taxable year.

1 “(b) QUALIFIED INVESTMENT.—For purposes of
 2 subsection (a), the qualified investment for any taxable
 3 year is the basis of each vaccine manufacturing facilities
 4 property placed in service by the taxpayer during such tax-
 5 able year.

6 “(c) VACCINE MANUFACTURING FACILITIES PROP-
 7 erty.—For purposes of this section, the term ‘vaccine
 8 manufacturing facilities property’ means real and tangible
 9 personal property—

10 “(1) the original use of which commences with
 11 the taxpayer,

12 “(2) which is depreciable under section 167,
 13 with a class life of less than 20 years,

14 “(3) which is substantially used for the manu-
 15 facture or research and development of vaccines or
 16 antibiotics or antiviral agents which are widely con-
 17 sidered potentially useful for the prevention or con-
 18 tainment of public health crises, and

19 “(4) which is in compliance with any standards
 20 and regulations which are promulgated by the Food
 21 and Drug Administration, the Occupational Safety
 22 and Health Administration, or the Environmental
 23 Protection Agency and which are applicable to such
 24 property.

1 “(d) CERTAIN PROGRESS EXPENDITURE RULES
 2 MADE APPLICABLE.—Rules similar to rules of subsections
 3 (c)(4) and (d) of section 46 (as in effect on the day before
 4 the date of the enactment of the Revenue Reconciliation
 5 Act of 1990) shall apply for purposes of this subsection.”.

6 (b) TECHNICAL AMENDMENTS.—

7 (1) Subparagraph (C) of section 49(a)(1) of
 8 such Code is amended by striking “and” at the end
 9 of clause (iii), by striking the period at the end of
 10 clause (iv) and inserting “, and”, and by adding at
 11 the end the following new clause:

12 “(v) the basis of any vaccine manufac-
 13 turing facilities property under section
 14 48C.”.

15 (2) Subparagraph (E) of section 50(a)(2) of
 16 such Code is amended by inserting “or 48C(d)” be-
 17 fore the period.

18 (3) The table of sections for subpart E of part
 19 IV of subchapter A of chapter 1 of such Code is
 20 amended by striking the item relating to section 48B
 21 and inserting the following:

“Sec. 48C. Vaccine manufacturing facilities investment credit.”.

22 (c) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply to periods after the date of the
 24 enactment of this Act under rules similar to the rules of
 25 section 48(m) of the Internal Revenue Code of 1986 (as

1 in effect on the day before the date of enactment of the
2 Revenue Reconciliation Act of 1990).

3 **CHAPTER 4—PROGRAMS AND TAX CRED-**
4 **ITS TO INCREASE ENERGY EFFI-**
5 **CIENCY**

6 **SEC. 1241. GRANT PROGRAM FOR GREEN BUILDING AND**
7 **ZERO-ENERGY HOME DESIGN AND CON-**
8 **STRUCTION TRAINING.**

9 (a) IN GENERAL.—The Secretary of Education, in
10 consultation with the Secretary of Energy, may award
11 grants to postsecondary educational institutions to enable
12 the institutions to train 10,000 individuals in green build-
13 ing and zero-energy home design and construction by fis-
14 cal year 2011.

15 (b) APPLICATION.—A postsecondary educational in-
16 stitution that desires to receive a grant under this section
17 shall submit an application to the Secretary of Education
18 at such time, in such manner, and accompanied by such
19 information as the Secretary of Education may reasonably
20 require.

21 (c) REIMBURSEMENT.—

22 (1) IN GENERAL.—A postsecondary educational
23 institution that receives a grant under this section
24 shall use the grant funds to reimburse an individual
25 who completes training in zero-energy home design

1 and construction at, and receives accreditation as a
 2 green building professional from, the institution for
 3 an amount that is not more than 50 percent of the
 4 amount the individual paid to receive the training at
 5 the institution.

6 (2) DETERMINATION OF AMOUNT.—For pur-
 7 poses of calculating the amount of the reimburse-
 8 ment under paragraph (1), the amount the indi-
 9 vidual paid to receive the training at the institution
 10 shall be reduced by the amount of any other grants
 11 received by the individual for the training.

12 (3) EFFECT ON OTHER FEDERAL LOANS.—A
 13 reimbursement provided to an individual under para-
 14 graph (1) shall not affect the eligibility of the indi-
 15 vidual for other Federal loans, including student
 16 loans.

17 (d) AUTHORIZATION OF APPROPRIATIONS.—There
 18 are authorized to be appropriated such sums as are nec-
 19 essary to carry out this section.

20 **SEC. 1242. EXTENSION OF CERTAIN TAX CREDITS FOR**
 21 **SOLAR ENERGY.**

22 (a) EXTENSION OF RESIDENTIAL RENEWABLE EN-
 23 ERGY EFFICIENT PROPERTY CREDIT THROUGH 2012.—
 24 Section 25D(g) of the Internal Revenue Code of 1986 is
 25 amended to read as follows:

1 “(g) TERMINATION.—The credit allowed under this
2 section shall not apply to—

3 “(1) property described in paragraph (1) or (2)
4 of subsection (d) placed in service after December
5 31, 2012, and

6 “(2) property described in subsection (d)(3)
7 placed in service after December 31, 2007.”.

8 (b) EXTENSION OF RENEWABLE ENERGY INVEST-
9 MENT TAX CREDIT THROUGH 2012.—Paragraphs
10 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) of the Internal
11 Revenue Code of 1986 (relating to energy credit) is
12 amended by striking “2008” both places it appears and
13 inserting “2013”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 the date of the enactment of this Act.

17 **SEC. 1243. TAX CREDIT FOR PURCHASING GREEN POWER.**

18 (a) IN GENERAL.—Subpart B of part IV of sub-
19 chapter A of chapter 1 of the Internal Revenue Code of
20 1986 (relating to other credits) is amended by adding at
21 the end the following new section:

22 **“SEC. 30D. CREDIT FOR GREEN PRICING PREMIUMS.**

23 “(a) IN GENERAL.—There shall be allowed as a cred-
24 it against the tax imposed by this chapter for the taxable

1 year an amount equal to 50 percent of the green pricing
 2 premiums paid by the taxpayer during the taxable year.

3 “(b) APPLICATION WITH OTHER CREDITS.—The
 4 credit allowed by subsection (a) for any taxable year shall
 5 not exceed the excess (if any) of—

6 “(1) the regular tax for the taxable year re-
 7 duced by the sum of the credits allowable under sub-
 8 part A and sections 27, 30, 30B, and 30C, over

9 “(2) the tentative minimum tax for the taxable
 10 year.

11 “(c) DEFINITIONS.—For purposes of this section:

12 “(1) GREEN PRICING PREMIUM.—The term
 13 ‘green pricing premium’ means the excess of the
 14 amount paid, pursuant to a qualified green power
 15 program, for green power electricity over the market
 16 price for electricity produced from non-renewable re-
 17 sources.

18 “(2) GREEN POWER ELECTRICITY.—The term
 19 ‘green power electricity’ means electricity produced
 20 from wind, solar, geothermal, biomass, biogas, and
 21 low-impact hydropower sources.

22 “(3) QUALIFIED GREEN POWER PROGRAM.—
 23 The term ‘qualified green power program’ means a
 24 voluntary program—

1 “(A) under which an electric utility offers
 2 to customers of the electric utility the oppor-
 3 tunity to pay a green pricing premium for the
 4 purchase of green power electricity; and

5 “(B) that is approved by the Secretary, in
 6 consultation with the Secretary of Energy.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 55(c)(2) of the Internal Revenue
 9 Code of 1986 is amended by inserting “30D(b),”
 10 after “30C(d)(2),”.

11 (2) The table of sections for subpart B of part
 12 IV of subchapter A of chapter 1 of such Code is
 13 amended by adding at the end the following new
 14 item:

 “Sec. 30D. Credit for green pricing premiums.”.

15 (c) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to amounts paid after December
 17 31, 2005.

18 **CHAPTER 5—RENEWABLE PORTFOLIO** 19 **STANDARD**

20 **SEC. 1251. RENEWABLE PORTFOLIO STANDARD.**

21 Title VI of the Public Utility Regulatory Policies Act
 22 of 1978 (16 U.S.C. 2601 et seq.) is amended by adding
 23 at the end the following:

24 **“SEC. 610. FEDERAL RENEWABLE PORTFOLIO STANDARD.**

25 “(a) RENEWABLE ENERGY REQUIREMENT.—

1 “(1) IN GENERAL.—Not later than January 1,
 2 2020, each electric utility that sells electricity to
 3 electric consumers shall obtain 20 percent of the
 4 base amount of electricity the electric utility sells to
 5 electric consumers in a calendar year from new re-
 6 newable energy or existing renewable energy, of
 7 which at least 1 percent shall be obtained from dis-
 8 tributed resources.

9 “(2) MEANS OF COMPLIANCE.—An electric util-
 10 ity shall meet the requirements of paragraph (1)
 11 by—

12 “(A) generating electric energy using new
 13 renewable energy or existing renewable energy;

14 “(B) purchasing electric energy generated
 15 by new renewable energy or existing renewable
 16 energy;

17 “(C) purchasing renewable energy credits
 18 issued under subsection (b); or

19 “(D) a combination of the foregoing.

20 “(b) RENEWABLE ENERGY CREDIT TRADING PRO-
 21 GRAM.—

22 “(1) IN GENERAL.—Not later than January 1,
 23 2010, the Secretary shall establish a renewable en-
 24 ergy credit trading program for electric utilities that
 25 permits a utility that does not obtain enough elec-

1 tricity from renewable energy sources to meet its ob-
2 ligations under subsection (a)(1) to satisfy such obli-
3 gations by purchasing renewable energy credits.

4 “(2) REQUIREMENTS.—As part of the program
5 established under paragraph (1), the Secretary
6 shall—

7 “(A) issue regulations binding utilities to a
8 schedule of gradual increases in the percentage
9 or amount of electricity obtained from renew-
10 able energy sources and sold to consumers, in-
11 cluding distributed sources, prior to the 20 per-
12 cent level mandated for January 1, 2020;

13 “(B) issue annually 1 renewable energy
14 credit for each kilowatt hour of electricity ob-
15 tained from renewable energy sources and sold
16 to consumers in the prior calendar year;

17 “(C) establish civil penalties of no less
18 than the going market value of a renewable en-
19 ergy credit, and levy those penalties against
20 utilities that fail to obtain the required percent-
21 age or amount of renewable energy credits;

22 “(D) monitor the sale or exchange of, and
23 track, renewable energy credits; and

24 “(E) except as provided for in subsection
25 (f)(1), ensure that any renewable energy credit

1 shall be used only once for compliance with this
2 section.

3 “(c) ENFORCEMENT.—

4 “(1) INSUFFICIENT DISTRIBUTED SOURCES
5 CIVIL PENALTY.—The amount of the civil penalty
6 for not meeting the 1 percent distributed resources
7 requirement under subsection (a)(1) shall be the
8 greater of—

9 “(A) the product of the number of kilowatt
10 hours of electricity sold to consumers in viola-
11 tion of the requirement and 10 cents; and

12 “(B) an amount equal to twice the civil
13 penalties established under subsection
14 (b)(2)(C).

15 “(2) MITIGATION OR WAIVER.—The Secretary
16 may mitigate or waive a civil penalty under sub-
17 section (b)(2)(C) or this subsection if the electric
18 utility—

19 “(A) was unable to comply with subsection
20 (a) for reasons outside of the reasonable control
21 of the utility; or

22 “(B) is developing a new renewable energy
23 source for use in the generation of electricity
24 that will—

1 “(i) be in use before January 1, 2020;

2 and

3 “(ii) satisfy a significant percentage
4 of the 20 percent renewable energy re-
5 quirement of the electric utility under sub-
6 section (a)(1).

7 “(d) PROHIBITION ON INCREASING RATES TO PAY
8 FINES.—An electric utility shall not raise ratepayer rates
9 to cover civil penalties established under subsection
10 (b)(2)(C) or (c)(1).

11 “(e) USE.—In addition to amounts made available
12 under section 7101(d), amounts received by the Secretary
13 as a civil penalty under subsection (b)(2)(C) or (c)(1) shall
14 be used to—

15 “(1) provide grants under section 7101(a); and

16 “(2) comply with any renewable energy require-
17 ments applicable to the Federal Government.

18 “(f) STATE PROGRAMS.—

19 “(1) CALCULATION OF RENEWABLE ENERGY
20 REQUIREMENT.—In calculating the number of kilo-
21 watt hours of electricity a utility obtained from new
22 or existing renewable energy sources and sold to
23 consumers in a year in order to issue an equal num-
24 ber of renewable energy credits, the Secretary may
25 include kilowatt hours of electricity a utility obtained

1 from new and existing renewable energy sources and
 2 sold to consumers in the same year in order to meet
 3 a State law or regulation.

4 “(2) EFFECT.—Nothing in this section dimin-
 5 ishes any authority of a State or political subdivision
 6 of a State to adopt or enforce any law (including a
 7 regulation) with respect to renewable energy, if the
 8 law does not conflict with this section.

9 “(g) DEFINITIONS.—For purposes of this section:

10 “(1) DISTRIBUTED GENERATION FACILITY.—
 11 The term ‘distributed generation facility’ means a
 12 facility at a customer site.

13 “(2) DISTRIBUTED RESOURCE.—The term ‘dis-
 14 tributed resource’ means a renewable energy re-
 15 source located at the point of use or the customer
 16 side of the meter.

17 “(3) EXISTING RENEWABLE ENERGY.—The
 18 term ‘existing renewable energy’ means electric en-
 19 ergy generated at a facility (including a distributed
 20 generation facility) placed in service prior to the
 21 date of enactment of this section from solar, wind,
 22 or geothermal energy; ocean energy; biomass (as de-
 23 fined in section 203(b) of the Energy Policy Act of
 24 2005); or landfill gas.

1 “(4) NEW RENEWABLE ENERGY.—The term
2 ‘new renewable energy’ means electric energy gen-
3 erated at a facility (including a distributed genera-
4 tion facility) placed in service on or after the date
5 of enactment of this section from—

6 “(A) solar, wind, or geothermal energy or
7 ocean energy;

8 “(B) biomass (as defined in section 203(b)
9 of the Energy Policy Act of 2005);

10 “(C) landfill gas; or

11 “(D) incremental hydropower.

12 “(5) OCEAN ENERGY.—The term ‘ocean energy’
13 includes current, wave, tidal, and thermal energy.

14 “(h) SUNSET.—This section expires on December 31,
15 2030.”.

1 **CHAPTER 6—IMPROVING THE EFFI-**
2 **CIENCY OF HEALTH CARE TO EN-**
3 **HANCE AMERICA’S ECONOMIC COM-**
4 **PETITIVENESS**

5 **Subchapter A—Improving Information**
6 **Provided to Patients**

7 **SEC. 1261. REQUIREMENT FOR HEALTH INSURERS TO IM-**
8 **PLEMENT COMPUTERIZED CLAIMS PROC-**
9 **ESSING SYSTEMS.**

10 (a) IN GENERAL.—Not later than 7 years after the
11 date of enactment of this Act, each group health plan and
12 health insurance issuer offering health insurance coverage
13 shall have in effect an automated, integrated system that
14 allows for efficient and effective adjudication of claims and
15 the detection of fraud and abuse in accordance with this
16 section.

17 (b) ELEMENTS OF ADJUDICATION.—The system de-
18 scribed in subsection (a) shall include determinations con-
19 cerning payments and coverage for items or services under
20 the terms and conditions of the plan or coverage involved,
21 including any cost-sharing amount that the participant,
22 beneficiary, or enrollee is required to pay with respect to
23 such claim.

1 (c) TIMEFRAME.—The plan or issuer shall complete
2 the adjudication of claims under this section immediately
3 after the plan or issuer receives—

4 (1) the claim; and

5 (2) any additional information requested by the
6 plan or issuer that is necessary to make a deter-
7 mination relating to the claim.

8 (d) ACCURACY.—In adjudicating claims under this
9 section the plan or issuer shall ensure that—

10 (1) such claims are adjudicated with an accu-
11 racy of at least 99 percent;

12 (2) the plan or issuer has the ability to accept
13 claims submitted via the Internet; and

14 (3) the plan or issuer has the ability to issue
15 denials where necessary instantaneously via the
16 Internet, and to provide an opportunity for challenge
17 to and resolution of such denials (except in cases of
18 dispute over medical necessity) via the Internet.

19 (e) DETECTION SYSTEM.—Not later than 2 years
20 after the date of enactment of this Act, each group health
21 plan and health insurance issuer offering health insurance
22 coverage shall use the system described in subsection (a)
23 to detect fraud and abuse in real-time as part of the adju-
24 dication of claims under this section.

1 (f) REGULATIONS.—The Secretary shall issue such
 2 regulations as may be necessary or appropriate to carry
 3 out this section.

4 **SEC. 1262. MAKING HEALTH CARE MORE RESPONSIVE TO**
 5 **THE CONSUMER.**

6 (a) STATEMENT OF ACCOUNT FOR CONSUMERS.—

7 (1) IN GENERAL.—Not later than 7 years after
 8 the date of enactment of this Act, each group health
 9 plan and health insurance issuer offering health in-
 10 surance coverage shall have in effect a computerized
 11 system that provides each participant, beneficiary, or
 12 enrollee with a statement of account that—

13 (A) includes information, with respect to
 14 the participant, beneficiary, or enrollee, on—

15 (i) claims received, claims denied, and
 16 the reasons for any denials;

17 (ii) status of coverage; and

18 (iii) deductible information; and

19 (B) is issued quarterly.

20 (2) INTERNET ACCESS.—The plan or issuer
 21 may comply with this subsection by making the
 22 quarterly statements available on the Internet 24
 23 hours a day, 7 days a week, through a secure
 24 website.

1 (b) STATEMENT OF ACCOUNT FOR EMPLOYERS AND
2 PURCHASES.—Not later than 7 years after the date of en-
3 actment of this Act, each group health plan and health
4 insurance issuer shall have in effect a computerized system
5 to provide to employers and other purchasers of health in-
6 surance products a statement of account that—

7 (1) includes—

8 (A) current information on coverage sta-
9 tus; and

10 (B) reports of customer satisfaction that
11 are updated annually; and

12 (2) is available 24 hours a day, 7 days a week,
13 through—

14 (A) the Internet through a secure website;

15 or

16 (B) a toll-free telephone number.

17 (c) INTERNET ENROLLMENT.—

18 (1) IN GENERAL.—Not later than 7 years after
19 the date of enactment of this Act, each group health
20 plan and health insurance issuer shall have in effect
21 a computerized system to provide to employers and
22 other purchasers of health insurance products an op-
23 tion to enroll for coverage under such health insur-
24 ance products on the Internet through a secure
25 website.

1 (2) ELIGIBILITY REQUIREMENTS.—The Inter-
2 net website described in paragraph (1) shall include
3 information on eligibility requirements for coverage.

4 (d) CONSUMER EXPLANATION OF BENEFITS.—

5 (1) IN GENERAL.—Not later than 7 years after
6 the date of enactment of this Act, each group health
7 plan and health insurance issuer shall have in effect
8 a computerized system to provide, to a participant,
9 beneficiary, or enrollee—

10 (A) an explanation of benefits at the point
11 of service or not later than 48 hours after the
12 time that service is provided; and

13 (B) a description of the coverage and cost
14 of each services provided to the participant,
15 beneficiary, or enrollee under the plan or cov-
16 erage.

17 (2) LANGUAGE.—Any explanation of benefits
18 under this subsection shall be provided in a printed
19 form and written in a manner calculated to be un-
20 derstood by the average participant, beneficiary, or
21 enrollee.

22 (e) REFERRALS AND AUTHORIZATIONS.—

23 (1) IN GENERAL.—Not later than 7 years after
24 the date of enactment of this Act, each group health
25 plan and health insurance issuer shall have in effect

1 a computerized system for making and checking re-
2 ferrals and pre-authorizations where such referrals
3 and pre-authorizations are required under the plan
4 or coverage.

5 (2) ACCESS.—The system described in para-
6 graph (1) shall permit access by physicians and by
7 participants, beneficiaries, and enrollees to informa-
8 tion on the completion of referrals and pre-author-
9 izations and whether health care services and prod-
10 ucts have been authorized, through—

11 (A) the Internet through a secure website;

12 or

13 (B) a toll-free telephone number.

14 (f) PATIENT CLAIM HISTORY.—Not later than 7
15 years after the date of enactment of this Act, each group
16 health plan and health insurance issuer shall establish a
17 system—

18 (1) by which a health care provider may, with
19 patient authorization, have access to the patient's
20 statement of account, as described in subsection (a);
21 and

22 (2) that is accessible through—

23 (A) the Internet through a secure website;

24 or

25 (B) a toll-free telephone number.

1 (g) MODERNIZING FINANCIAL TRANSACTIONS IN
 2 HEALTH CARE.—Not later than 7 years after the date
 3 of enactment of this Act, each group health plan and
 4 health insurance issuer offering health insurance coverage
 5 shall have in effect a computerized system that—

6 (1) permits health care providers to receive
 7 claim payments through electronic transfer of funds;

8 (2) permits participants, beneficiaries, and en-
 9 rollees to make payments for deductibles through
 10 electronic transfer of funds; and

11 (3) provides automated, integrated audit con-
 12 trols to monitor any duplicate payments or overpay-
 13 ments within the adjudication system.

14 **SEC. 1263. REGULATIONS.**

15 The Secretary shall issue such regulations as may be
 16 necessary or appropriate to carry out this title.

17 **Subchapter B—Application to Public Health**
 18 **Service Act and Employee Retirement In-**
 19 **come Security Act of 1974**

20 **SEC. 1271. APPLICATION TO GROUP HEALTH PLANS AND**
 21 **GROUP HEALTH INSURANCE COVERAGE**
 22 **UNDER THE PUBLIC HEALTH SERVICE ACT.**

23 (a) IN GENERAL.—Subpart 2 of part A of title
 24 XXVII of the Public Health Service Act is amended by
 25 adding at the end the following new section:

1 **“SEC. 2707. HEALTH CARE MODERNIZATION STANDARDS.**

2 “Each group health plan shall comply with health
3 care modernization requirements under subchapter A of
4 chapter 6 of subtitle B of title I of the Right Time to
5 Reinvest in America’s Competitiveness and Knowledge
6 Act, and each health insurance issuer shall comply with
7 health care modernization requirements under such sub-
8 title with respect to group health insurance coverage it of-
9 fers, and such requirements shall be deemed to be incor-
10 porated into this section.”.

11 (b) CONFORMING AMENDMENT.—Section
12 2721(b)(2)(A) of such Act (42 U.S.C. 300gg–21(b)(2)(A))
13 is amended by inserting “(other than section 2707)” after
14 “requirements of such subparts”.

15 **SEC. 1272. APPLICATION TO INDIVIDUAL HEALTH INSUR-**
16 **ANCE COVERAGE UNDER THE PUBLIC**
17 **HEALTH SERVICE ACT.**

18 Part B of title XXVII of the Public Health Service
19 Act is amended by inserting after section 2752 the fol-
20 lowing new section:

21 **“SEC. 2753. HEALTH CARE MODERNIZATION STANDARDS.**

22 “Each health insurance issuer shall comply with
23 health care modernization requirements under subchapter
24 A of chapter 6 of subtitle B of title I of the Right Time
25 to Reinvest in America’s Competitiveness and Knowledge
26 Act with respect to individual health insurance coverage

1 it offers, and such requirements shall be deemed to be in-
 2 corporated into this section.”.

3 **SEC. 1273. APPLICATION TO GROUP HEALTH PLANS AND**
 4 **GROUP HEALTH INSURANCE COVERAGE**
 5 **UNDER THE EMPLOYEE RETIREMENT IN-**
 6 **COME SECURITY ACT OF 1974.**

7 Subpart B of part 7 of subtitle B of title I of the
 8 Employee Retirement Income Security Act of 1974 is
 9 amended by adding at the end the following new section:
 10 **“SEC. 714. HEALTH CARE MODERNIZATION STANDARDS.**

11 “A group health plan (and a health insurance issuer
 12 offering group health insurance coverage in connection
 13 with such a plan) shall comply with the requirements of
 14 subchapter A of chapter 6 of subtitle B of title I of the
 15 Right Time to Reinvest in America’s Competitiveness and
 16 Knowledge Act (as in effect as of the date of the enact-
 17 ment of such Act), and such requirements shall be deemed
 18 to be incorporated into this section.”.

19 **Subchapter C—Miscellaneous Provisions**

20 **SEC. 1281. DEFINITIONS.**

21 In this title:

22 (1) CLAIM.—The term “claim” means any re-
 23 quest for coverage (including authorization of cov-
 24 erage), for eligibility, or for payment in whole or in

1 part, for an item or service under a group health
2 plan or health insurance coverage.

3 (2) COST-SHARING.—The term “cost-sharing”
4 means any deductibles, coinsurance, copayment
5 amounts, and liability for balance billing, for which
6 the participant, beneficiary, or enrollee will be re-
7 sponsible.

8 (3) ENROLLEE.—The term “enrollee” means,
9 with respect to health insurance coverage offered by
10 a health insurance issuer, an individual enrolled with
11 the issuer to receive such coverage.

12 (4) GROUP HEALTH PLAN.—The term “group
13 health plan” has the meaning given such term in
14 section 733(a) of the Employee Retirement Income
15 Security Act of 1974 (29 U.S.C. 1191b(a)).

16 (5) HEALTH CARE PROVIDER.—The term
17 “health care provider” has the meaning given such
18 term in section 1855(d)(5) of the Social Security
19 Act (42 U.S.C. 1395w–25(d)(5)).

20 (6) HEALTH INSURANCE ISSUER.—The term
21 “health insurance issuer” has the meaning given
22 such term in section 733(b) of the Employee Retirement
23 Income Security Act of 1974 (29 U.S.C.
24 1191b(b)).

1 (7) SECRETARY.—The term “Secretary” means
2 the Secretary of Health and Human Services.

3 **SEC. 1282. EFFECT ON STATE LAW.**

4 Nothing in this title or any amendment made by this
5 title shall be construed to diminish the obligation of a non-
6 profit health care provider, health care facility, group
7 health plan, or health insurance issuer to comply with any
8 State law that provides greater rights relating to health
9 care modernization to participants, beneficiaries, or enroll-
10 ees than the rights established under this title or any
11 amendment made by this title.

12 **Subtitle C—Supporting the**
13 **Infrastructure Our Economy Needs**

14 **CHAPTER 1—CREATING A NATIONAL**
15 **BROADBAND POLICY**

16 **SEC. 1311. NATIONAL BROADBAND POLICY.**

17 (a) FINDINGS.—Congress finds as follows:

18 (1) In 2004, President George W. Bush de-
19 clared that the United States should have “uni-
20 versal, affordable access for broadband technology
21 by 2007”.

22 (2) Instead, the United States has fallen to
23 16th in global rankings of broadband penetration,
24 behind South Korea, Japan, and urban China.

1 (3) The United States is the only G7 nation
2 without a national broadband policy.

3 (4) Economists assert that widespread adoption
4 of basic broadband could add \$500,000,000,000 to
5 the economy of the United States and create
6 1,200,000 new jobs.

7 (b) BROADBAND POLICY.—

8 (1) RESPONSIBILITY OF PRESIDENT’S COUNCIL
9 OF ADVISORS ON SCIENCE AND TECHNOLOGY.—

10 (A) IN GENERAL.—Not later than Decem-
11 ber 31, 2006, the President’s Council of Advi-
12 sors on Science and Technology (in this section
13 referred to as the “Council”), shall—

14 (i) establish a national broadband pol-
15 icy for improving and expanding
16 broadband access in the United States by
17 2010; and

18 (ii) develop a strategy and make rec-
19 ommendations to the President and Con-
20 gress on how to best achieve such policy.

21 (B) PRESIDENT’S COUNCIL.—The Council,
22 under Executive Order No. 13385 of September
23 29, 2005, was assigned all responsibilities for-
24 merly performed by the President’s Information
25 Technology Advisory Committee, as such Com-

mittee was authorized under section 101(b) of the High-Performance Computing Act of 1991 (15 U.S.C. 5511(b)) and established by Executive Order No. 13035 of February 11, 1997, as amended by Executive Order No. 13092 of July 24, 1998.

(2) CONTENT OF POLICY.—As part of the policy established under paragraph (1), the Council shall develop and propose strategies and goals relating to the following:

(A) BASIC BROADBAND ACCESS.—

(i) GOAL.—To provide basic broadband access at an affordable price to all households in the United States.

(ii) CONSIDERATIONS.—In developing strategies related to the goal described under clause (i), the Council shall consider incentives to ensure that rural and underserved areas receive basic broadband access, including—

(I) tax credits;

(II) debt guarantees;

(III) trust funds; and

(IV) expensing allowances.

1 (iii) DEFINITION.—For purposes of
 2 this subparagraph, the term “basic
 3 broadband” means a communications serv-
 4 ice enabling the reliable transmission of
 5 communications that is—

6 (I) at least 1 megabit per second
 7 in both directions; and

8 (II) connected at all times.

9 (B) HIGH-SPEED BROADBAND ACCESS.—

10 (i) GOAL.—To provide high-speed
 11 broadband access at an affordable price to
 12 $\frac{2}{3}$ of all households in the United States.

13 (ii) CONSIDERATIONS.—In developing
 14 strategies related to the goal described
 15 under clause (i), the Council shall consider
 16 how to create a more competitive environ-
 17 ment for the provision of high-speed
 18 broadband over—

19 (I) digital subscriber lines;

20 (II) cable lines;

21 (III) power lines; and

22 (IV) wireless broadband tech-
 23 nologies.

24 (iii) DEFINITION.—For purposes of
 25 this subparagraph, the term “high-speed

1 broadband” means a communications serv-
2 ice enabling the transmission of commu-
3 nications at a capacity that is at least 22
4 megabits per second.

5 (C) ULTRA HIGH-SPEED BROADBAND
6 FIBER ACCESS.—

7 (i) GOAL.—To provide ultra high-
8 speed broadband fiber access to $\frac{1}{3}$ of all
9 households in the United States.

10 (ii) CONSIDERATIONS.—In developing
11 strategies related to the goal described
12 under clause (i), the Council shall consider,
13 in consultation with interested stake-
14 holders, the extent to which unused exist-
15 ing fiber that run below city streets can be
16 preserved and used to achieve such goal.

17 (iii) DEFINITION.—For purposes of
18 this subparagraph, the term “ultra high-
19 speed broadband” means a communica-
20 tions service enabling the transmission of
21 communications at a capacity that is at
22 least 100 megabits per second.

23 (D) HIGH-SPEED BROADBAND ACCESS IN
24 PUBLIC INSTITUTIONS.—

1 (i) GOAL.—To provide high-speed
 2 broadband access at an affordable price to
 3 all public schools, universities, libraries,
 4 and hospitals in the United States.

5 (ii) DEFINITION.—For purposes of
 6 this subparagraph, the term “high-speed
 7 broadband” has the same meaning as in
 8 subparagraph (B)(iii).

9 (E) COMPREHENSIVE CELLULAR INFRA-
 10 STRUCTURE.—To create a comprehensive, na-
 11 tionwide, cellular infrastructure to enable the
 12 convergence of wireline and wireless tech-
 13 nologies that provide “anytime, anywhere, any-
 14 device connections”.

15 (c) ADDITIONAL RESPONSIBILITIES OF THE COUN-
 16 CIL.—

17 (1) EXAMINATION AND REPORT ON PROPOSED
 18 AND EXISTING TELECOMMUNICATION STRATEGIES.—
 19 In addition to its responsibilities under subsection
 20 (b), not later than December 31, 2006, the Council
 21 shall examine and make recommendations to the
 22 President, Congress, the Commissioner of the Fed-
 23 eral Communications Commission, the Secretary of
 24 Commerce, and any other Federal agency the Coun-

1 cil determines appropriate, on proposed and existing
2 telecommunication strategies—

3 (A) to ensure that rural and underserved
4 communities have access to broadband tech-
5 nology, including strategies relating to the—

6 (i) deployment of municipal wireless-
7 fidelity; and

8 (ii) expansion of the universal service
9 fund established under section 254 of the
10 Communications Act of 1934 (47 U.S.C.
11 254) to support broadband access; and

12 (B) to promote usage of, to encourage in-
13 vestment in, and to stimulate consumer uptake
14 of current and next generation broadband net-
15 works, including strategies relating to the elimi-
16 nation of barriers and creation of incentives for
17 developing applications in—

18 (i) communications;

19 (ii) healthcare;

20 (iii) distance learning;

21 (iv) telecommuting;

22 (v) distributed energy;

23 (vi) eGovernment; and

24 (vii) entertainment.

1 (2) CONSIDERATION OF PRINCIPLES.—In mak-
2 ing any recommendations under paragraph (1), the
3 Council shall consider the following principles:

4 (A) Affordable, highly advanced, and se-
5 cure communications services should be avail-
6 able to all Americans and communities.

7 (B) Broadband connections should be as
8 reliable as other basic service connections, such
9 as electricity and telephone service.

10 (C) Access to broadband service should be
11 provided without limitations on usage or
12 prioritization of data by broadband providers.

13 (D) Speeds of connectivity for the sending
14 and receiving of data over broadband services
15 should be the same.

16 (E) Competitive market forces, with regu-
17 lation as necessary, should be the principle
18 means of achieving any goal under this sub-
19 section.

20 (F) Minimal disruption to existing services
21 should be achieved through targeted efforts.

22 (d) REPORT ON PROGRESS OF NATIONAL POLICY.—

23 (1) IN GENERAL.—Not later than December 31,
24 2006, and every December 31 thereafter until 2010,
25 the Council shall evaluate and submit a report to

1 Congress on the progress made in implementing the
2 strategies and achieving the goals and recommenda-
3 tions established in subsection (b).

4 (2) CONTENT OF REPORT.—

5 (A) PRIOR TO 2010.—Prior to January 1,
6 2010, each report submitted under paragraph
7 (1) shall include an accurate count of—

8 (i) Americans with access to
9 broadband services; and

10 (ii) the number of homes and busi-
11 nesses that use—

12 (I) basic broadband service;

13 (II) high-speed broadband serv-
14 ice; and

15 (III) ultra high-speed broadband
16 service.

17 (B) FOR 2010.—The report submitted
18 under paragraph (1) on or after January 1,
19 2010, and not later than December 31, 2010,
20 shall include recommendations of the Council to
21 Congress on establishing reasonable—

22 (i) goals for broadband penetration in
23 the future; and

24 (ii) Congressional expectations for—

- 1 (I) broadband connection speeds;
 2 and
 3 (II) broadband usage in light of
 4 advances in broadband technology.

5 **CHAPTER 2—AMTRAK REAUTHORIZATION**

6 **SEC. 1321. AUTHORIZATION FOR AMTRAK OPERATING** 7 **GRANTS.**

8 There are authorized to be appropriated to the Sec-
 9 retary of Transportation for operating costs of Amtrak the
 10 following amounts:

- 11 (1) For fiscal year 2007, \$570,000,000.
 12 (2) For fiscal year 2008, \$570,000,000.
 13 (3) For fiscal year 2009, \$570,000,000.

14 **SEC. 1322. AUTHORIZATION FOR AMTRAK CAPITAL** 15 **GRANTS.**

16 There are authorized to be appropriated to the Sec-
 17 retary of Transportation for the use of Amtrak to bring
 18 the Northeast Corridor (as defined in section 24102(a) of
 19 title 49, United States Code) to a state of good repair,
 20 for capital expenses of the national railroad passenger
 21 transportation system, and for purposes of making capital
 22 grants to States, the following amounts:

- 23 (1) For fiscal year 2007, \$858,000,000.
 24 (2) For fiscal year 2008, \$788,000,000.
 25 (3) For fiscal year 2009, \$767,000,000.

1 **SEC. 1323. AUTHORIZATION FOR REPAYMENT OF LONG-**
2 **TERM DEBT AND CAPITAL LEASES.**

3 (a) **PRINCIPAL AND INTEREST ON DEBT.**—There are
4 authorized to be appropriated to the Secretary of Trans-
5 portation for the use of Amtrak for the payment of prin-
6 cipal and interest on loans for capital equipment, or cap-
7 ital leases, the following amounts:

8 (1) For fiscal year 2007, \$357,000,000.

9 (2) For fiscal year 2008, \$305,000,000.

10 (3) For fiscal year 2009, \$306,000,000.

11 (b) **EARLY BUYOUT OPTION.**—There are authorized
12 to be appropriated to the Secretary of Transportation such
13 sums as may be necessary for the use of Amtrak for the
14 payment of costs associated with early buyout options if
15 the Secretary determines that the exercise of those options
16 is advantageous to Amtrak.

17 (c) **LEGAL EFFECT OF PAYMENTS UNDER THIS SEC-**
18 **TION.**—The payment of principal and interest on secured
19 debt, with the proceeds of the grants authorized by this
20 section, shall not—

21 (1) modify the extent or nature of any indebt-
22 edness of the National Railroad Passenger Corpora-
23 tion to the United States in existence on the date of
24 enactment of this Act;

25 (2) change the private nature of the liabilities
26 of Amtrak or its successors; or

1 under subsection (b) with respect to credit allowance dates
 2 during such year on which the taxpayer holds such bond.

3 “(b) AMOUNT OF CREDIT.—

4 “(1) IN GENERAL.—The amount of the credit
 5 determined under this subsection with respect to any
 6 credit allowance date for a qualified public school
 7 modernization bond is 25 percent of the annual
 8 credit determined with respect to such bond.

9 “(2) ANNUAL CREDIT.—The annual credit de-
 10 termined with respect to any qualified public school
 11 modernization bond is the product of—

12 “(A) the applicable credit rate, multiplied
 13 by

14 “(B) the outstanding face amount of the
 15 bond.

16 “(3) APPLICABLE CREDIT RATE.—For purposes
 17 of paragraph (1), the applicable credit rate with re-
 18 spect to an issue is the rate equal to an average
 19 market yield (as of the day before the date of
 20 issuance of the issue) on outstanding long-term cor-
 21 porate debt obligations (determined under regula-
 22 tions prescribed by the Secretary).

23 “(4) SPECIAL RULE FOR ISSUANCE AND RE-
 24 DEMPTION.—In the case of a bond which is issued
 25 during the 3-month period ending on a credit allow-

1 ance date, the amount of the credit determined
 2 under this subsection with respect to such credit al-
 3 lowance date shall be a ratable portion of the credit
 4 otherwise determined based on the portion of the 3-
 5 month period during which the bond is outstanding.
 6 A similar rule shall apply when the bond is re-
 7 deemed.

8 “(c) LIMITATION BASED ON AMOUNT OF TAX.—

9 “(1) IN GENERAL.—The credit allowed under
 10 subsection (a) for any taxable year shall not exceed
 11 the excess of—

12 “(A) the sum of the regular tax liability
 13 (as defined in section 26(b)) plus the tax im-
 14 posed by section 55, over

15 “(B) the sum of the credits allowable
 16 under part IV of subchapter A (other than sub-
 17 part C thereof, relating to refundable credits
 18 and subpart H thereof).

19 “(2) CARRYOVER OF UNUSED CREDIT.—If the
 20 credit allowable under subsection (a) exceeds the
 21 limitation imposed by paragraph (1) for such taxable
 22 year, such excess shall be carried to the succeeding
 23 taxable year and added to the credit allowable under
 24 subsection (a) for such taxable year.

1 “(d) QUALIFIED PUBLIC SCHOOL MODERNIZATION
2 BOND; CREDIT ALLOWANCE DATE.—For purposes of this
3 section—

4 “(1) QUALIFIED PUBLIC SCHOOL MODERNIZA-
5 TION BOND.—The term ‘qualified public school mod-
6 ernization bond’ means—

7 “(A) a qualified zone academy bond,

8 “(B) a qualified school construction bond,
9 and

10 “(C) a qualified tribal school moderniza-
11 tion bond.

12 “(2) CREDIT ALLOWANCE DATE.—The term
13 ‘credit allowance date’ means—

14 “(A) March 15,

15 “(B) June 15,

16 “(C) September 15, and

17 “(D) December 15.

18 Such term includes the last day on which the bond
19 is outstanding.

20 “(e) OTHER DEFINITIONS.—For purposes of this
21 subchapter—

22 “(1) LOCAL EDUCATIONAL AGENCY.—The term
23 ‘local educational agency’ has the meaning given to
24 such term by section 9101 of the Elementary and
25 Secondary Education Act of 1965. Such term in-

1 includes the local educational agency that serves the
 2 District of Columbia but does not include any other
 3 State agency.

4 “(2) BOND.—The term ‘bond’ includes any ob-
 5 ligation.

6 “(3) STATE.—The term ‘State’ includes the
 7 District of Columbia and any possession of the
 8 United States.

9 “(4) PUBLIC SCHOOL FACILITY.—The term
 10 ‘public school facility’ shall not include—

11 “(A) any stadium or other facility pri-
 12 marily used for athletic contests or exhibitions
 13 or other events for which admission is charged
 14 to the general public, or

15 “(B) any facility which is not owned by a
 16 State or local government or any agency or in-
 17 strumentality of a State or local government.

18 “(f) CREDIT INCLUDED IN GROSS INCOME.—Gross
 19 income includes the amount of the credit allowed to the
 20 taxpayer under this section (determined without regard to
 21 subsection (c)) and the amount so included shall be treat-
 22 ed as interest income.

23 “(g) RECAPTURE OF PORTION OF CREDIT WHERE
 24 CESSATION OF COMPLIANCE.—

1 “(1) IN GENERAL.—If any bond which when
 2 issued purported to be a qualified public school mod-
 3 ernization bond ceases to be a qualified public school
 4 modernization bond, the issuer shall pay to the
 5 United States (at the time required by the Sec-
 6 retary) an amount equal to the sum of—

7 “(A) the aggregate of the credits allowable
 8 under this section with respect to such bond
 9 (determined without regard to subsection (c))
 10 for taxable years ending during the calendar
 11 year in which such cessation occurs and the 2
 12 preceding calendar years, and

13 “(B) interest at the underpayment rate
 14 under section 6621 on the amount determined
 15 under subparagraph (A) for each calendar year
 16 for the period beginning on the first day of
 17 such calendar year.

18 “(2) FAILURE TO PAY.—If the issuer fails to
 19 timely pay the amount required by paragraph (1)
 20 with respect to such bond, the tax imposed by this
 21 chapter on each holder of any such bond which is
 22 part of such issue shall be increased (for the taxable
 23 year of the holder in which such cessation occurs) by
 24 the aggregate decrease in the credits allowed under
 25 this section to such holder for taxable years begin-

ning in such 3 calendar years which would have re-
 sulted solely from denying any credit under this sec-
 tion with respect to such issue for such taxable
 years.

“(3) SPECIAL RULES.—

“(A) TAX BENEFIT RULE.—The tax for
 the taxable year shall be increased under para-
 graph (2) only with respect to credits allowed
 by reason of this section which were used to re-
 duce tax liability. In the case of credits not so
 used to reduce tax liability, the carryforwards
 and carrybacks under section 39 shall be appro-
 priately adjusted.

“(B) NO CREDITS AGAINST TAX.—Any in-
 crease in tax under paragraph (2) shall not be
 treated as a tax imposed by this chapter for
 purposes of determining—

“(i) the amount of any credit allow-
 able under this subchapter, or

“(ii) the amount of the tax imposed
 by section 55.

“(h) BONDS HELD BY REGULATED INVESTMENT
 COMPANIES.—If any qualified public school modernization
 bond is held by a regulated investment company, the credit
 determined under subsection (a) shall be allowed to share-

1 holders of such company under procedures prescribed by
 2 the Secretary.

3 “(i) CREDITS MAY BE STRIPPED.—Under regula-
 4 tions prescribed by the Secretary—

5 “(1) IN GENERAL.—There may be a separation
 6 (including at issuance) of the ownership of a quali-
 7 fied public school modernization bond and the enti-
 8 tlement to the credit under this section with respect
 9 to such bond. In case of any such separation, the
 10 credit under this section shall be allowed to the per-
 11 son who on the credit allowance date holds the in-
 12 strument evidencing the entitlement to the credit
 13 and not to the holder of the bond.

14 “(2) CERTAIN RULES TO APPLY.—In the case
 15 of a separation described in paragraph (1), the rules
 16 of section 1286 shall apply to the qualified public
 17 school modernization bond as if it were a stripped
 18 bond and to the credit under this section as if it
 19 were a stripped coupon.

20 “(j) TREATMENT FOR ESTIMATED TAX PURPOSES.—
 21 Solely for purposes of sections 6654 and 6655, the credit
 22 allowed by this section to a taxpayer by reason of holding
 23 a qualified public school modernization bond on a credit
 24 allowance date shall be treated as if it were a payment
 25 of estimated tax made by the taxpayer on such date.

1 “(k) CREDIT MAY BE TRANSFERRED.—Nothing in
 2 any law or rule of law shall be construed to limit the trans-
 3 ferability of the credit allowed by this section through sale
 4 and repurchase agreements.

5 “(l) REPORTING.—Issuers of qualified public school
 6 modernization bonds shall submit reports similar to the
 7 reports required under section 149(e).

8 “(m) CREDIT TREATED AS NONREFUNDABLE BOND-
 9 HOLDER CREDIT.—For purposes of this title, the credit
 10 allowed by this section shall be treated as a credit allow-
 11 able under subpart H of part IV of subchapter A of this
 12 chapter.

13 “(n) TERMINATION.—This section shall not apply to
 14 any bond issued after September 30, 2008 (December 31,
 15 2013, in the case of any qualified tribal school moderniza-
 16 tion bond).

17 **“SEC. 1400V. QUALIFIED SCHOOL CONSTRUCTION BONDS.**

18 “(a) QUALIFIED SCHOOL CONSTRUCTION BOND.—
 19 For purposes of this subchapter, the term ‘qualified school
 20 construction bond’ means any bond issued as part of an
 21 issue if—

22 “(1) 95 percent or more of the proceeds of such
 23 issue are to be used for the construction, rehabilita-
 24 tion, or repair of a public school facility or for the

1 acquisition of land on which such a facility is to be
 2 constructed with part of the proceeds of such issue,

3 “(2) the bond is issued by a State or local gov-
 4 ernment within the jurisdiction of which such school
 5 is located,

6 “(3) the issuer designates such bond for pur-
 7 poses of this section, and

8 “(4) the term of each bond which is part of
 9 such issue does not exceed 15 years.

10 “(b) LIMITATION ON AMOUNT OF BONDS DES-
 11 IGNATED.—The maximum aggregate face amount of
 12 bonds issued during any calendar year which may be des-
 13 ignated under subsection (a) by any issuer shall not exceed
 14 the limitation amount allocated under subsection (d) for
 15 such calendar year to such issuer.

16 “(c) NATIONAL LIMITATION ON AMOUNT OF BONDS
 17 DESIGNATED.—There is a national qualified school con-
 18 struction bond limitation for each calendar year. Such lim-
 19 itation is—

20 “(1) \$11,000,000,000 for 2007,

21 “(2) \$11,000,000,000 for 2008, and

22 “(3) except as provided in subsection (f), zero
 23 after 2008.

24 “(d) LIMITATION ALLOCATED AMONG STATES.—

1 “(1) IN GENERAL.—The limitation applicable
 2 under subsection (c) for any calendar year shall be
 3 allocated by the Secretary among the States in pro-
 4 portion to the respective amounts each such State
 5 received for basic grants under section 1124 of the
 6 Elementary and Secondary Education Act of 1965
 7 for the most recent fiscal year ending before such
 8 calendar year. The limitation amount allocated to a
 9 State under the preceding sentence shall be allocated
 10 by the State to issuers within such State.

11 “(2) MINIMUM ALLOCATIONS TO STATES.—

12 “(A) IN GENERAL.—The Secretary shall
 13 adjust the allocations under this subsection for
 14 any calendar year for each State to the extent
 15 necessary to ensure that the amount allocated
 16 to such State under this subsection for such
 17 year is not less than an amount equal to such
 18 State’s minimum percentage of the amount to
 19 be allocated under paragraph (1) for the cal-
 20 endar year.

21 “(B) MINIMUM PERCENTAGE.—A State’s
 22 minimum percentage for any calendar year is
 23 the minimum percentage described in section
 24 1124(d) of the Elementary and Secondary Edu-
 25 cation Act of 1965 for such State for the most

1 recent fiscal year ending before such calendar
2 year.

3 “(3) ALLOCATIONS TO CERTAIN POSSES-
4 SIONS.—The amount to be allocated under para-
5 graph (1) to any possession of the United States
6 other than Puerto Rico shall be the amount which
7 would have been allocated if all allocations under
8 paragraph (1) were made on the basis of respective
9 populations of individuals below the poverty line (as
10 defined by the Office of Management and Budget).
11 In making other allocations, the amount to be allo-
12 cated under paragraph (1) shall be reduced by the
13 aggregate amount allocated under this paragraph to
14 possessions of the United States.

15 “(e) CARRYOVER OF UNUSED LIMITATION.—If for
16 any calendar year—

17 “(1) the amount allocated under subsection (d)
18 to any State, exceeds

19 “(2) the amount of bonds issued during such
20 year which are designated under subsection (a) pur-
21 suant to such allocation,

22 the limitation amount under such subsection for such
23 State for the following calendar year shall be increased
24 by the amount of such excess. A similar rule shall apply
25 to the amounts allocated under subsection (d)(4).

1 “(f) SPECIAL RULES RELATING TO ARBITRAGE.—

2 “(1) IN GENERAL.—A bond shall not be treated
3 as failing to meet the requirement of subsection
4 (a)(1) solely by reason of the fact that the proceeds
5 of the issue of which such bond is a part are in-
6 vested for a temporary period (but not more than 36
7 months) until such proceeds are needed for the pur-
8 pose for which such issue was issued.

9 “(2) BINDING COMMITMENT REQUIREMENT.—
10 Paragraph (1) shall apply to an issue only if, as of
11 the date of issuance, there is a reasonable expecta-
12 tion that—

13 “(A) at least 10 percent of the proceeds of
14 the issue will be spent within the 6-month pe-
15 riod beginning on such date for the purpose for
16 which such issue was issued, and

17 “(B) the remaining proceeds of the issue
18 will be spent with due diligence for such pur-
19 pose.

20 “(3) EARNINGS ON PROCEEDS.—Any earnings
21 on proceeds during the temporary period shall be
22 treated as proceeds of the issue for purposes of ap-
23 plying subsection (a)(1) and paragraph (1) of this
24 subsection.

1 **“SEC. 1400W. QUALIFIED ZONE ACADEMY BONDS.**

2 “(a) QUALIFIED ZONE ACADEMY BOND.—For pur-
3 poses of this subchapter—

4 “(1) IN GENERAL.—The term ‘qualified zone
5 academy bond’ means any bond issued as part of an
6 issue if—

7 “(A) 95 percent or more of the proceeds of
8 such issue are to be used for a qualified pur-
9 pose with respect to a qualified zone academy
10 established by a local educational agency,

11 “(B) the bond is issued by a State or local
12 government within the jurisdiction of which
13 such academy is located,

14 “(C) the issuer—

15 “(i) designates such bond for purposes
16 of this section,

17 “(ii) certifies that it has written as-
18 surances that the private business con-
19 tribution requirement of paragraph (2) will
20 be met with respect to such academy, and

21 “(iii) certifies that it has the written
22 approval of the local educational agency
23 for such bond issuance, and

24 “(D) the term of each bond which is part
25 of such issue does not exceed 15 years.

1 Rules similar to the rules of section 1400V(f) shall
2 apply for purposes of subparagraph (A).

3 “(2) PRIVATE BUSINESS CONTRIBUTION RE-
4 QUIREMENT.—

5 “(A) IN GENERAL.—For purposes of para-
6 graph (1), the private business contribution re-
7 quirement of this paragraph is met with respect
8 to any issue if the local educational agency that
9 established the qualified zone academy has writ-
10 ten commitments from private entities to make
11 qualified contributions having a present value
12 (as of the date of issuance of the issue) of not
13 less than 10 percent of the proceeds of the
14 issue.

15 “(B) QUALIFIED CONTRIBUTIONS.—For
16 purposes of subparagraph (A), the term ‘quali-
17 fied contribution’ means any contribution (of a
18 type and quality acceptable to the local edu-
19 cational agency) of—

20 “(i) equipment for use in the qualified
21 zone academy (including state-of-the-art
22 technology and vocational equipment),

23 “(ii) technical assistance in developing
24 curriculum or in training teachers in order

1 to promote appropriate market driven tech-
2 nology in the classroom,

3 “(iii) services of employees as volun-
4 teer mentors,

5 “(iv) internships, field trips, or other
6 educational opportunities outside the acad-
7 emy for students, or

8 “(v) any other property or service
9 specified by the local educational agency.

10 “(3) QUALIFIED ZONE ACADEMY.—The term
11 ‘qualified zone academy’ means any public school (or
12 academic program within a public school) which is
13 established by and operated under the supervision of
14 a local educational agency to provide education or
15 training below the postsecondary level if—

16 “(A) such public school or program (as the
17 case may be) is designed in cooperation with
18 business to enhance the academic curriculum,
19 increase graduation and employment rates, and
20 better prepare students for the rigors of college
21 and the increasingly complex workforce,

22 “(B) students in such public school or pro-
23 gram (as the case may be) will be subject to the
24 same academic standards and assessments as

1 other students educated by the local educational
2 agency,

3 “(C) the comprehensive education plan of
4 such public school or program is approved by
5 the local educational agency, and

6 “(D)(i) such public school is located in an
7 empowerment zone or enterprise community
8 (including any such zone or community des-
9 ignated after the date of the enactment of this
10 section), or

11 “(ii) there is a reasonable expectation (as
12 of the date of issuance of the bonds) that at
13 least 35 percent of the students attending such
14 school or participating in such program (as the
15 case may be) will be eligible for free or reduced-
16 cost lunches under the school lunch program es-
17 tablished under the Richard B. Russell National
18 School Lunch Act.

19 “(4) QUALIFIED PURPOSE.—The term ‘quali-
20 fied purpose’ means, with respect to any qualified
21 zone academy—

22 “(A) constructing, rehabilitating, or repair-
23 ing the public school facility in which the acad-
24 emy is established,

1 “(B) acquiring the land on which such fa-
 2 cility is to be constructed with part of the pro-
 3 ceeds of such issue,

4 “(C) providing equipment for use at such
 5 academy,

6 “(D) developing course materials for edu-
 7 cation to be provided at such academy, and

8 “(E) training teachers and other school
 9 personnel in such academy.

10 “(b) LIMITATIONS ON AMOUNT OF BONDS DES-
 11 IGNATED.—

12 “(1) IN GENERAL.—There is a national zone
 13 academy bond limitation for each calendar year.
 14 Such limitation is—

15 “(A) \$400,000,000 for 1998,

16 “(B) \$400,000,000 for 1999,

17 “(C) \$400,000,000 for 2000,

18 “(D) \$400,000,000 for 2001,

19 “(E) \$400,000,000 for 2002,

20 “(F) \$400,000,000 for 2003,

21 “(G) \$400,000,000 for 2004,

22 “(H) \$400,000,000 for 2005,

23 “(I) \$1,400,000,000 for 2006,

24 “(J) \$1,400,000,000 for 2007, and

“(K) except as provided in paragraph (3),
zero after 2007.

“(2) ALLOCATION OF LIMITATION.—

“(A) ALLOCATION AMONG STATES.—

“(i) PRE-2006 LIMITATIONS.—The national zone academy bond limitations for calendar years before 2006 shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget).

“(ii) LIMITATION AFTER 2005.—The national zone academy bond limitation for any calendar year after 2005 shall be allocated by the Secretary among the States in proportion to the respective amounts each such State received for basic grants under section 1124 of the Elementary and Secondary Education Act of 1965 for the most recent fiscal year ending before such calendar year.

“(B) ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.—The limitation amount allocated to a State under subparagraph (A)

1 shall be allocated by the State to qualified zone
2 academies within such State.

3 “(C) DESIGNATION SUBJECT TO LIMITA-
4 TION AMOUNT.—The maximum aggregate face
5 amount of bonds issued during any calendar
6 year which may be designated under subsection
7 (a) with respect to any qualified zone academy
8 shall not exceed the limitation amount allocated
9 to such academy under subparagraph (B) for
10 such calendar year.

11 “(3) CARRYOVER OF UNUSED LIMITATION.—If
12 for any calendar year—

13 “(A) the limitation amount under this sub-
14 section for any State, exceeds

15 “(B) the amount of bonds issued during
16 such year which are designated under sub-
17 section (a) (or the corresponding provisions of
18 prior law) with respect to qualified zone acad-
19 emies within such State,

20 the limitation amount under this subsection for such
21 State for the following calendar year shall be in-
22 creased by the amount of such excess.

1 **“SEC. 1400X. QUALIFIED TRIBAL SCHOOL MODERNIZATION**
2 **BONDS.**

3 “(a) QUALIFIED TRIBAL SCHOOL MODERNIZATION
4 BOND.—For purposes of this subchapter—

5 “(1) IN GENERAL.—The term ‘qualified tribal
6 school modernization bond’ means, subject to para-
7 graph (2), any bond issued as part of an issue under
8 section 1333 of the America’s Better Classroom Act
9 of 2006, as in effect on the date of the enactment
10 of this section, if—

11 “(A) 95 percent or more of the proceeds of
12 such issue are to be used for the construction,
13 rehabilitation, or repair of a school facility
14 funded by the Bureau of Indian Affairs of the
15 Department of the Interior or for the acquisi-
16 tion of land on which such a facility is to be
17 constructed with part of the proceeds of such
18 issue,

19 “(B) the bond is issued by an Indian tribe,

20 “(C) the issuer designates such bond for
21 purposes of this section, and

22 “(D) the term of each bond which is part
23 of such issue does not exceed 15 years.

24 “(2) NATIONAL LIMITATION ON AMOUNT OF
25 BONDS DESIGNATED.—

1 “(A) NATIONAL LIMITATION.—There is a
2 national qualified tribal school modernization
3 bond limitation for each calendar year. Such
4 limitation is—

5 “(i) \$200,000,000 for 2006,

6 “(ii) \$200,000,000 for 2007, and

7 “(iii) zero after 2007.

8 “(B) ALLOCATION OF LIMITATION.—The
9 national qualified tribal school modernization
10 bond limitation shall be allocated to Indian
11 tribes by the Secretary of the Interior subject
12 to the provisions of section 1333 of the Amer-
13 ica’s Better Classroom Act of 2006, as in effect
14 on the date of the enactment of this section.

15 “(C) DESIGNATION SUBJECT TO LIMITA-
16 TION AMOUNT.—The maximum aggregate face
17 amount of bonds issued during any calendar
18 year which may be designated under paragraph
19 (1) with respect to any Indian tribe shall not
20 exceed the limitation amount allocated to such
21 government under subparagraph (B) for such
22 calendar year.

23 “(D) CARRYOVER OF UNUSED LIMITA-
24 TION.—If for any calendar year—

1 “(i) the limitation amount under this
2 paragraph, exceeds

3 “(ii) the amount of qualified tribal
4 school modernization bonds issued during
5 such year, the limitation amount under
6 this paragraph for the following calendar
7 year shall be increased by the amount of
8 such excess. The preceding sentence shall
9 not apply if such following calendar year is
10 after 2014.

11 “(b) TRIBE.—For purposes of this section, the term
12 ‘tribe’ has the meaning given the term ‘Indian tribal gov-
13 ernment’ by section 7701(a)(40), including the application
14 of section 7871(d). Such term includes any consortium of
15 tribes approved by the Secretary of the Interior.”.

16 (b) REPORTING.—Subsection (d) of section 6049 of
17 such Code (relating to returns regarding payments of in-
18 terest) is amended by adding at the end the following new
19 paragraph:

20 “(9) REPORTING OF CREDIT ON QUALIFIED
21 PUBLIC SCHOOL MODERNIZATION BONDS.—

22 “(A) IN GENERAL.—For purposes of sub-
23 section (a), the term ‘interest’ includes amounts
24 includible in gross income under section
25 1400U(f) and such amounts shall be treated as

1 paid on the credit allowance date (as defined in
2 section 1400U(d)(2)).

3 “(B) REPORTING TO CORPORATIONS,
4 ETC.—Except as otherwise provided in regula-
5 tions, in the case of any interest described in
6 subparagraph (A) of this paragraph, subsection
7 (b)(4) of this section shall be applied without
8 regard to subparagraphs (A), (H), (I), (J), (K),
9 and (L)(i).

10 “(C) REGULATORY AUTHORITY.—The Sec-
11 retary may prescribe such regulations as are
12 necessary or appropriate to carry out the pur-
13 poses of this paragraph, including regulations
14 which require more frequent or more detailed
15 reporting.”.

16 (c) CONFORMING AMENDMENTS.—

17 (1) Subchapter U of chapter 1 of such Code is
18 amended by striking part IV, by redesignating part
19 V as part IV, and by redesignating section 1397F
20 as section 1397E.

21 (2) The table of subchapters for chapter 1 of
22 such Code is amended by adding at the end the fol-
23 lowing new item:

 “Subchapter Z. Public school modernization provisions.”.

1 (3) The table of parts of subchapter U of chap-
 2 ter 1 of such Code is amended by striking the last
 3 2 items and inserting the following item:

 “Part IV. Regulations.”.

4 (d) SOVEREIGN IMMUNITY.—This section and the
 5 amendments made by this section shall not be construed
 6 to impact, limit, or affect the sovereign immunity of the
 7 Federal Government or any State or local tribal govern-
 8 ment.

9 (e) EFFECTIVE DATES.—

10 (1) IN GENERAL.—Except as otherwise pro-
 11 vided in this subsection, the amendments made by
 12 this section shall apply to obligations issued after
 13 December 31, 2005.

14 (2) REPEAL OF RESTRICTION ON ZONE ACAD-
 15 EMY BOND HOLDERS.—In the case of bonds to
 16 which section 1397E of the Internal Revenue Code
 17 of 1986 (as in effect before the date of the enact-
 18 ment of this Act) applies, the limitation of such sec-
 19 tion to eligible taxpayers (as defined in subsection
 20 (d)(6) of such section) shall not apply after the date
 21 of the enactment of this Act.

22 **SEC. 1333. INDIAN SCHOOL CONSTRUCTION.**

23 (a) DEFINITIONS.—In this section:

24 (1) BUREAU.—The term “Bureau” means the
 25 Bureau of Indian Affairs of the Department.

1 (2) DEPARTMENT.—The term “Department”
2 means the Department of the Interior.

3 (3) ESCROW ACCOUNT.—The term “escrow ac-
4 count” means the tribal school modernization escrow
5 account established under subsection (b)(6)(B)(i).

6 (4) INDIAN.—The term “Indian” means any in-
7 dividual who is a member of an Indian tribe.

8 (5) INDIAN TRIBE.—

9 (A) IN GENERAL.—The term “Indian
10 tribe” has the meaning given the term “Indian
11 tribal government” by section 7701(a)(40) of
12 the Internal Revenue Code of 1986 (including
13 the application of section 7871(d) of that
14 Code).

15 (B) INCLUSION.—The term “Indian tribe”
16 includes a consortium of Indian tribes approved
17 by the Secretary.

18 (6) SECRETARY.—The term “Secretary” means
19 the Secretary of the Interior.

20 (7) TRIBAL SCHOOL.—The term “tribal school”
21 means an elementary school, secondary school, or
22 dormitory that—

23 (A) is operated by a tribal organization or
24 the Bureau for the education of Indian chil-
25 dren; and

1 (B) under a contract, a grant, or an agree-
2 ment, or for a Bureau-operated school, receives
3 financial assistance to pay the costs of oper-
4 ation from funds made available under—

5 (i) section 102, 103(a), or 208 of the
6 Indian Self-Determination and Education
7 Assistance Act (25 U.S.C. 450f, 450h(a),
8 458d); or

9 (ii) the Tribally Controlled Schools
10 Act of 1988 (25 U.S.C. 2501 et seq.).

11 (b) ISSUANCE OF BONDS.—

12 (1) IN GENERAL.—The Secretary shall establish
13 a pilot program under which eligible Indian tribes
14 may issue qualified tribal school modernization
15 bonds to provide funding for the construction, reha-
16 bilitation, or repair of tribal schools (including the
17 advance planning and design of tribal schools).

18 (2) ELIGIBILITY.—

19 (A) IN GENERAL.—To be eligible to issue
20 any qualified tribal school modernization bond
21 under the program under paragraph (1), an In-
22 dian tribe shall—

23 (i) prepare and submit to the Sec-
24 retary a plan of construction that meets
25 the requirements of subparagraph (B);

1 (ii) provide for quarterly and final in-
2 spection of the project by the Bureau; and

3 (iii) pledge that the facilities financed
4 by the bond will be used primarily for ele-
5 mentary and secondary educational pur-
6 poses for not less than the period during
7 which the bond remains outstanding.

8 (B) PLAN OF CONSTRUCTION.—A plan of
9 construction referred to in subparagraph (A)(i)
10 meets the requirements of this subparagraph if
11 the plan—

12 (i) contains a description of the con-
13 struction to be carried out with funding
14 provided under a qualified tribal school
15 modernization bond;

16 (ii) demonstrates that a comprehen-
17 sive survey has been completed to deter-
18 mine the construction needs of the tribal
19 school involved;

20 (iii) contains assurances that funding
21 under the bond will be used only for the
22 activities described in the plan;

23 (iv) contains a response to the evalua-
24 tion criteria contained in Instructions and
25 Application for Replacement School Con-

1 struction, Revision 6, dated February 6,
2 1999; and

3 (v) contains any other reasonable and
4 related information determined to be ap-
5 propriate by the Secretary.

6 (C) PRIORITY.—In determining whether an
7 Indian tribe is eligible to participate in the pro-
8 gram under this subsection, the Secretary shall
9 give priority to an Indian tribe that, as dem-
10 onstrated by the relevant plans of construction,
11 will fund projects—

12 (i) described in the Education Facili-
13 ties Replacement Construction Priorities
14 List, as of fiscal year 2000, of the Bureau
15 (65 Fed. Reg. 4623);

16 (ii) described in any subsequent prior-
17 ities list published in the Federal Register;
18 or

19 (iii) that meet the criteria for ranking
20 schools as described in Instructions and
21 Application for Replacement School Con-
22 struction, Revision 6, dated February 6,
23 1999.

24 (D) ADVANCE PLANNING AND DESIGN
25 FUNDING.—

1 (i) IN GENERAL.—An Indian tribe
2 may propose in the plan of construction of
3 the Indian tribe to receive advance plan-
4 ning and design funding from the escrow
5 account.

6 (ii) CONDITIONS ON ALLOCATION OF
7 FUNDS.—As a condition to the allocation
8 to an Indian tribe of advance planning and
9 design funds from the escrow account
10 under clause (i), the Indian tribe shall
11 agree—

12 (I) to issue qualified tribal school
13 modernization bonds after the date of
14 receipt of the funds; and

15 (II) as a condition of each bond
16 issuance, that the Indian tribe will de-
17 posit into the escrow account, or a
18 fund managed by the trustee as de-
19 scribed in paragraph (4)(C), an
20 amount equal to the amount of funds
21 received from the escrow account.

22 (3) PERMISSIBLE ACTIVITIES.—In addition to
23 the use of funds permitted under paragraph (1), an
24 Indian tribe may use amounts received through the

1 issuance of a qualified tribal school modernization
2 bond—

3 (A) to enter into and make payments
4 under contracts with licensed and bonded archi-
5 tects, engineers, and construction firms—

6 (i) to determine the needs of the tribal
7 school; and

8 (ii) for the design and engineering of
9 the tribal school;

10 (B) enter into and make payments under
11 contracts with financial advisers, underwriters,
12 attorneys, trustees, and other professionals who
13 would be able to provide assistance to the In-
14 dian tribe in issuing bonds; and

15 (C) carry out other activities determined to
16 be appropriate by the Secretary.

17 (4) BOND TRUSTEE.—

18 (A) IN GENERAL.—Notwithstanding any
19 other provision of law, any qualified tribal
20 school modernization bond issued by an Indian
21 tribe under this subsection shall be subject to a
22 trust agreement between the Indian tribe and a
23 trustee.

24 (B) TRUSTEE.—Any bank or trust com-
25 pany that meets requirements established by

1 the Secretary may be designated as a trustee
2 under subparagraph (A).

3 (C) CONTENT OF TRUST AGREEMENT.—A
4 trust agreement entered into by an Indian tribe
5 under this paragraph shall specify that the
6 trustee, with respect to any bond issued under
7 this subsection, shall—

8 (i) act as a repository for the proceeds
9 of the bond;

10 (ii) make payments to bondholders;

11 (iii) receive, as a condition to the
12 issuance of the bond, a transfer of funds
13 from the escrow account, or from other
14 funds furnished by or on behalf of the In-
15 dian tribe, in an amount that (including
16 interest earnings from the investment of
17 the funds in obligations of, or fully guaran-
18 teed by, the United States, or from other
19 investments authorized by paragraph (10))
20 will produce funds sufficient to timely pay
21 in full the entire principal amount of the
22 bond on the stated maturity date of the
23 bond;

1 (iv) invest the funds transferred under
 2 clause (iii) in an investment described in
 3 that clause; and

4 (v)(I) hold and invest the funds trans-
 5 ferred under clause (iii) in a segregated
 6 fund or account under the agreement; and

7 (II) use the fund or account solely for
 8 payment of the costs of items described in
 9 paragraph (3).

10 (D) REQUIREMENTS FOR MAKING DIRECT
 11 PAYMENTS.—

12 (i) PAYMENTS.—

13 (I) IN GENERAL.—Notwith-
 14 standing any other provision of law,
 15 the trustee shall make any payment
 16 referred to in subparagraph (C)(v) in
 17 accordance with such requirements as
 18 the Indian tribe shall prescribe in the
 19 trust agreement entered into under
 20 subparagraph (C).

21 (II) INSPECTION.—Before mak-
 22 ing a payment for a project to a con-
 23 tractor under subparagraph (C)(v), to
 24 ensure completion of the project, the

1 trustee shall require an inspection of
 2 the project by—

3 (aa) a local financial institu-
 4 tion; or

5 (bb) an independent inspect-
 6 ing architect or engineer.

7 (ii) CONTRACTS.—Each contract re-
 8 ferred to in paragraph (3) shall specify, or
 9 be renegotiated to specify, that payments
 10 under the contract shall be made in ac-
 11 cordance with this paragraph.

12 (5) PAYMENTS OF PRINCIPAL AND INTEREST.—

13 (A) PRINCIPAL.—

14 (i) IN GENERAL.—No principal pay-
 15 ment on any qualified tribal school mod-
 16 ernization bond shall be required under
 17 this subsection until the final, stated date
 18 on which the bond reaches maturity.

19 (ii) MATURITY; OUTSTANDING PRIN-
 20 CIPAL.—With respect to a qualified tribal
 21 school modernization bond issued under
 22 this subsection—

23 (I) the bond shall reach maturity
 24 not later than 15 years after the date
 25 of issuance of the bond; and

1 (II) on the date on which the
2 bond reaches maturity, the entire out-
3 standing principal under the bond
4 shall become due and payable.

5 (B) INTEREST.—There shall be awarded a
6 tax credit under section 1400U of the Internal
7 Revenue Code of 1986 in lieu of interest on a
8 qualified tribal school modernization bond
9 issued under this subsection.

10 (6) BOND GUARANTEES.—

11 (A) IN GENERAL.—Payment of the prin-
12 cipal portion of a qualified tribal school mod-
13 ernization bond issued under this subsection
14 shall be guaranteed solely by amounts deposited
15 with each respective bond trustee as described
16 in paragraph (4)(C)(iii).

17 (B) ESTABLISHMENT OF ACCOUNT.—

18 (i) IN GENERAL.—Notwithstanding
19 any other provision of law, the Secretary
20 may—

21 (I) establish a tribal school mod-
22 ernization escrow account; and

23 (II) beginning in fiscal year
24 2007, from amounts made available
25 for school replacement under the con-

struction account of the Bureau, deposit not more than \$30,000,000 for each fiscal year into the escrow account.

(ii) TRANSFERS OF EXCESS PROCEEDS.—Excess proceeds held under any trust agreement that are not needed for any of the purposes described in clauses (iii) and (v) of paragraph (4)(C) shall be transferred, from time to time, by the trustee for deposit into the escrow account.

(iii) PAYMENTS.—The Secretary shall use any amounts deposited in the escrow account under clauses (i) and (ii)—

(I) to make payments to trustees appointed and acting in accordance with paragraph (4); or

(II) to make payments described in paragraph (2)(D).

(7) LIMITATIONS.—

(A) OBLIGATION TO REPAY.—

(i) IN GENERAL.—Notwithstanding any other provision of law, the principal amount on any qualified tribal school modernization bond issued under this sub-

1 section shall be repaid only to the extent of
2 any escrowed funds provided under para-
3 graph (4)(C)(iii).

4 (ii) NO GUARANTEE.—No qualified
5 tribal school modernization bond issued by
6 an Indian tribe under this subsection shall
7 be an obligation of, and no payment of the
8 principal of such a bond shall be guaran-
9 teed by—

10 (I) the United States;

11 (II) the Indian tribe; or

12 (III) the tribal school for which
13 the bond was issued.

14 (B) LAND AND FACILITIES.—No land or
15 facility purchased or improved with amounts
16 derived from a qualified tribal school mod-
17 ernization bond issued under this subsection
18 shall be mortgaged or used as collateral for the
19 bond.

20 (8) SALE OF BONDS.—A qualified tribal school
21 modernization bond may be sold at a purchase price
22 equal to, in excess of, or at a discount from, the par
23 amount of the bond.

24 (9) TREATMENT OF TRUST AGREEMENT EARN-
25 INGS.—No amount earned through the investment of

1 funds under the control of a trustee under any trust
 2 agreement described in paragraph (4) shall be sub-
 3 ject to Federal income taxation.

4 (10) INVESTMENT OF SINKING FUNDS.—A
 5 sinking fund established for the purpose of the pay-
 6 ment of principal on a qualified tribal school mod-
 7 ernization bond issued under this subsection shall be
 8 invested in—

9 (A) obligations issued by or guaranteed by
 10 the United States; or

11 (B) such other assets as the Secretary of
 12 the Treasury may by regulation allow.

13 **SEC. 1334. APPLICATION OF CERTAIN LABOR STANDARDS**
 14 **ON CONSTRUCTION PROJECTS FINANCED**
 15 **UNDER PUBLIC SCHOOL MODERNIZATION**
 16 **PROGRAM.**

17 Section 439 of the General Education Provisions Act
 18 (20 U.S.C. 1232b) is amended—

19 (1) by inserting “(a)” before “All laborers and
 20 mechanics”; and

21 (2) by adding at the end the following:

22 “(b)(1) For purposes of this section, the term ‘appli-
 23 cable program’ also includes the qualified zone academy
 24 bond provisions enacted by section 226 of the Taxpayer

1 Relief Act of 1997 and the program established by section
2 1332 of the America’s Better Classroom Act of 2006.

3 “(2) A State or local government participating in a
4 program described in paragraph (1) shall—

5 “(A) in the awarding of contracts, give priority
6 to contractors with substantial numbers of employ-
7 ees residing in the school district to be served by the
8 school being constructed; and

9 “(B) include in the construction contract for
10 such school a requirement that the contractor give
11 priority in hiring new workers to individuals residing
12 in such school district.

13 “(3) In the case of a program described in paragraph
14 (1), nothing in this subsection or subsection (a) shall be
15 construed to deny any tax credit allowed under such pro-
16 gram. If amounts are required to be withheld from con-
17 tractors to pay wages to which workers are entitled, such
18 amounts shall be treated as expended for construction pur-
19 poses in determining whether the requirements of such
20 program are met.”.

1 **SEC. 1335. TRAINING SERVICES RELATING TO CONSTRUC-**
2 **TION OR RECONSTRUCTION OF PUBLIC**
3 **SCHOOL FACILITIES.**

4 (a) IN GENERAL.—Section 134(d) of the Workforce
5 Investment Act of 1998 (29 U.S.C. 2864(d)) is amended
6 by adding at the end the following:

7 “(5) TRAINING SERVICES RELATING TO CON-
8 STRUCTION OR RECONSTRUCTION OF PUBLIC
9 SCHOOL FACILITIES.—

10 “(A) IN GENERAL.—The Governor of each
11 State, and each local board in the State, shall
12 ensure that each one-stop center in the State
13 provides training services related to construc-
14 tion or reconstruction of public school facilities
15 receiving funding assistance under an applicable
16 program.

17 “(B) SPECIALIZED PROGRAM.—The pro-
18 vider of such services shall establish a special-
19 ized program of training services meeting the
20 following requirements:

21 “(i) The specialized program provides
22 training for jobs in the construction indus-
23 try.

24 “(ii) The specialized program provides
25 trained workers for projects for the con-
26 struction or reconstruction of public school

1 facilities receiving funding assistance under
2 an applicable program.

3 “(iii) The specialized program ensures
4 that skilled workers (residing in the area
5 to be served by the school facilities) will be
6 available for the construction or recon-
7 struction work.

8 “(C) COORDINATION.—

9 “(i) IN GENERAL.—The specialized
10 program established under subparagraph
11 (B) shall be integrated with other activities
12 carried out under this Act, with the activi-
13 ties carried out under the Act of August
14 16, 1937 (commonly known as the ‘Na-
15 tional Apprenticeship Act’, 50 Stat. 664,
16 chapter 663; 29 U.S.C. 50 et seq.) by the
17 State apprenticeship council or agency or
18 through the Bureau of Apprenticeship and
19 Training in the Department of Labor, as
20 appropriate, and with activities carried out
21 under the Carl D. Perkins Vocational and
22 Technical Education Act of 1998 (20
23 U.S.C. 2301 et seq.).

24 “(ii) CONSTRUCTION.—Nothing in
25 this paragraph shall be construed to re-

1 quire services duplicative of the activities
2 referred to in clause (i).

3 “(D) APPLICABLE PROGRAM.—In this sub-
4 section, the term ‘applicable program’ has the
5 meaning given the term in section 400(c) of the
6 General Education Provisions Act (20 U.S.C.
7 1221(c)) or in 439(b) of such Act (as added by
8 section 1334 of the Right Time to Reinvest in
9 America’s Competitiveness and Knowledge
10 Act).”.

11 (b) STATE PLAN.—Section 112(b)(17)(A) of the
12 Workforce Investment Act of 1998 (29 U.S.C.
13 2822(b)(17)(A)) is amended—

14 (1) in clause (iii), by striking “and” at the end;

15 (2) by redesignating clause (iv) as clause (v);

16 and

17 (3) by inserting after clause (iii) the following:

18 “(iv) how the Governor of the State,
19 and each local board in the State, will en-
20 sure that each one-stop center in the State
21 will provide a specialized program of train-
22 ing services under section 134(d)(5); and”.

1 **TITLE II—EDUCATE AMERICANS**
2 **TO FILL THE JOBS OF THE**
3 **FUTURE**

4 **SEC. 2001. SHORT TITLE.**

5 This title may be cited as the “New National Defense
6 Education Act”.

7 **SEC. 2002. FINDINGS.**

8 Congress finds the following:

9 (1) Throughout our Nation’s history, the skills
10 and education of our workforce have been a major
11 determinant of the standard of living of the people
12 of the United States.

13 (2) Spurred into action by the launch of Sput-
14 nik, Congress passed the National Defense Edu-
15 cation Act of 1958 (Public Law 85–864, 72 Stat.
16 1580). The law, now nearly 50 years old, declared
17 a national “educational emergency”, and Federal ex-
18 penditures for education more than doubled in the 4
19 years after its passage. The programs authorized
20 under the Act helped the United States to improve
21 rapidly in mathematics, science, engineering, tech-
22 nology, and foreign languages and led to our domi-
23 nance in the arms race and the global economy.

24 (3) Today, our Nation once again faces an
25 international challenge in education: we must con-

1 front a shortage of highly skilled and educated work-
2 ers, especially in mathematics, science, engineering,
3 technology, and critical-need foreign languages. As a
4 percentage of total first university degrees granted,
5 the United States produced fewer graduates in
6 mathematics, science, and engineering in 2002 than
7 the Nation did in 1985. Currently, the United States
8 Government requires 34,000 employees with foreign
9 language skills in 100 languages across more than
10 80 Federal agencies. These trends pose a threat to
11 our national security and our economic security.

12 (4) Student achievement in mathematics and
13 science in elementary school and secondary school
14 lags behind other nations, according to the Trends
15 in International Mathematics and Science study and
16 other studies, including the Programme for Inter-
17 national Student Assessment, that recently ranked
18 United States secondary school students 28th out of
19 40 first- and second-world nations, and tied with
20 Latvia, in mathematics performance and problem
21 solving.

22 (5) According to the most recent National As-
23 sessment of Educational Progress, less than 40 per-
24 cent of the students in grade 4 and 30 percent of
25 the students in grade 8, and only 17 percent of the

1 students in grade 12, reach the proficient level in
2 mathematics, and approximately $\frac{1}{3}$ of the students
3 in grades 4 and 8, and nearly $\frac{1}{2}$ of the students in
4 grade 12, do not reach the basic level in science.

5 (6) A State-by-State comparison of the 2005
6 National Assessment of Educational Progress aver-
7 age scale scores for 8th grade mathematics reveals
8 that 31 States—more than $\frac{1}{2}$ of the States in the
9 Nation—scored more than 10 points (about 1 grade
10 level) below the highest scoring State, Massachu-
11 setts.

12 (7) More than 200,000,000 children in China
13 are studying English, a compulsory subject for all
14 Chinese primary school students. By comparison,
15 only about 24,000 of approximately 54,000,000 ele-
16 mentary and secondary school children in the United
17 States are studying Chinese.

18 (8) There is a significant shortage of trained
19 and qualified mathematics and science teachers in
20 the United States. According to the National Science
21 Board, in 2002, between 17 and 28 percent of public
22 secondary school science teachers (depending on the
23 specific scientific field), and 20 percent of public sec-
24 ondary school mathematics teachers, lacked full cer-
25 tification in their teaching field.

1 (9) More than $\frac{1}{2}$ of the 20 fastest growing oc-
2 cupations require postsecondary degrees in mathe-
3 matics or science. According to the National Science
4 Board, out of more than 15,000,000 college stu-
5 dents, less than 400,000 Americans a year graduate
6 with a bachelor's degree in mathematics, science, en-
7 gineering, or technology. According to the National
8 Science Foundation, only 75,000 American under-
9 graduate students obtain a master's degree in math-
10 ematics, science, engineering, or technology.

11 (10) In a 2002 Government Accountability Of-
12 fice report, the United States Army reported that it
13 was experiencing serious shortfalls of translators and
14 interpreters in 5 of its 6 critical languages: Arabic,
15 Korean, Mandarin Chinese, Persian-Farsi, and Rus-
16 sian. According to the Modern Language Associa-
17 tion, enrollment in foreign languages declined from
18 16 percent of college students in 1965 to 8 percent
19 in 1974, rebounding to just 8.6 percent in 2002.
20 Less commonly taught languages accounted for only
21 12 percent of all language enrollments. This means
22 that 1 percent of American undergraduate students
23 are studying these critical languages.

24 (11) In 2002, 79 percent of Americans agreed
25 that students should have a study-abroad experience

1 sometime during college. Only 1 percent of all
2 United States undergraduate students studied
3 abroad in the 2001–2002 school year.

4 (12) The Government Accountability Office es-
5 timates that the number of students enrolled in
6 science, technology, engineering, or mathematics
7 doctoral degree programs at United States institu-
8 tions of higher education declined from 217,395 dur-
9 ing the 1995–1996 academic year to 198,504 during
10 the 2003–2004 academic year.

11 (13) The extent of this crisis requires a coordi-
12 nated Federal response and an increased Federal in-
13 vestment in programs of the Department of Edu-
14 cation and the National Science Foundation.

15 **Subtitle A—Modernizing America’s** 16 **Education System**

17 **CHAPTER 1—PREKINDERGARTEN** 18 **THROUGH GRADE 16 EDUCATION**

19 **SEC. 2111. PURPOSES.**

20 The purposes of this chapter are the following:

21 (1) To ensure students receive an education
22 competitive with other industrialized countries.

23 (2) To assist States in improving the rigor of
24 standards and assessments.

1 (3) To provide for the establishment of pre-
 2 kindergarten through grade 16 student preparedness
 3 councils to better link early childhood education and
 4 school readiness with elementary school success, ele-
 5 mentary student skills with success in secondary
 6 school, and secondary student skills and curricula,
 7 especially with respect to reading, mathematics, and
 8 science, with the demands of higher education, the
 9 21st century workforce, and the Armed Forces, in
 10 order to—

11 (A) ensure that greater number of stu-
 12 dents, especially low-income and minority stu-
 13 dents, complete secondary school with the
 14 coursework and skills necessary to enter—

15 (i) credit-bearing coursework in higher
 16 education without the need for remedi-
 17 ation;

18 (ii) high-paying employment in the
 19 21st century workforce; or

20 (iii) the Armed Forces.

21 (4) To establish a system that encourages local
 22 educational agencies to adopt a curriculum that
 23 meets State academic content standards and student
 24 academic achievement standards and prepares all
 25 students for success in elementary school, secondary

1 school, and post-secondary endeavors in the 21st
2 century.

3 **SEC. 2112. DEFINITIONS.**

4 In this chapter:

5 (1) IN GENERAL.—The terms “elementary
6 school”, “limited English proficient”, “local edu-
7 cational agency”, “scientifically based research”,
8 “secondary school”, “Secretary”, and “State edu-
9 cational agency” have the meanings given such
10 terms in section 9101 of the Elementary and Sec-
11 ondary Education Act of 1965 (20 U.S.C. 7801).

12 (2) ACADEMIC CONTENT STANDARDS; STUDENT
13 ACADEMIC ACHIEVEMENT STANDARDS.—The terms
14 “academic content standards” and “student aca-
15 demic achievement standards”, when used with re-
16 spect to a particular State, mean the academic con-
17 tent standards and student academic achievement
18 standards adopted by a State under section
19 1111(b)(1) of the Elementary and Secondary Edu-
20 cation Act of 1965 (20 U.S.C. 6311(b)(1)).

21 (3) 21ST CENTURY CURRICULUM.—The term
22 “21st century curriculum” means a course of study
23 identified by a State as preparing secondary school
24 students for entrance into credit-bearing coursework
25 in higher education without the need for remedi-

1 ation, employment in the 21st century workforce, or
2 entrance into the Armed Forces. A State shall define
3 the 21st century curriculum in terms of content as
4 well as course names.

5 (4) END OF COURSE EXAMINATION.—The term
6 “end of course examination” means an assessment
7 of student learning given at the end of a particular
8 course that is used to measure student learning of
9 State academic content standards in the subject
10 matter of the course.

11 (5) GRADUATION RATE.—The term “graduation
12 rate” means the percentage of students who grad-
13 uate from secondary school with a regular diploma
14 in the standard number of years.

15 (6) INSTITUTION OF HIGHER EDUCATION.—The
16 term “institution of higher education” has the
17 meaning given the term in section 101(a) of the
18 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

19 (7) PROFESSIONAL DEVELOPMENT.—The term
20 “professional development” includes activities that—

21 (A) improve and increase teachers’ knowl-
22 edge of the academic subjects the teachers
23 teach, and enable teachers to become highly
24 qualified;

1 (B) are an integral part of broad edu-
2 cational improvement plans across the school
3 and across the local educational agency;

4 (C) give teachers, principals, and adminis-
5 trators the knowledge and skills to provide stu-
6 dents with the opportunity to meet the State
7 academic content standards and student aca-
8 demic achievement standards and the 21st cen-
9 tury curriculum demands;

10 (D) are high-quality, sustained, intensive,
11 and classroom-focused, in order to have a posi-
12 tive and lasting effect on classroom instruction
13 and the teacher's performance in the classroom;

14 (E) advance teacher understanding of ef-
15 fective instructional strategies that are based on
16 scientifically based research and are directly
17 aligned with the State academic content stand-
18 ards and State assessments;

19 (F) are designed to give teachers the
20 knowledge and skills to provide instruction and
21 appropriate language and academic support
22 services to limited English proficient students
23 and students with special needs, including the
24 appropriate use of curricula and assessments;

1 (G) are, as a whole, regularly evaluated for
2 their impact on increased teacher effectiveness
3 and improved student academic achievement,
4 with the findings of the evaluations used to im-
5 prove the quality of professional development;
6 and

7 (H) include instruction in the use of data
8 and assessments to inform and instruct class-
9 room practice.

10 (8) STATE.—The term “State” means each of
11 the several States of the United States, the District
12 of Columbia, the Commonwealth of Puerto Rico, the
13 United States Virgin Islands, Guam, American
14 Samoa, the Commonwealth of the Northern Mariana
15 Islands, the Republic of the Marshall Islands, the
16 Federated States of Micronesia, and the Republic of
17 Palau.

18 (9) STATE ASSESSMENT.—The term “State as-
19 sessment”, when used with respect to a particular
20 State, means the student academic assessments im-
21 plemented by the State pursuant to section
22 1111(b)(3) of the Elementary and Secondary Edu-
23 cation Act of 1965 (20 U.S.C. 6311(b)(3)).

1 (10) STUDENT PREPAREDNESS.—The term
2 “student preparedness” means preparedness based
3 on the knowledge and skills that—

4 (A) are prerequisites for entrance into—

5 (i) credit-bearing coursework in higher
6 education without the need for remedi-
7 ation;

8 (ii) the 21st century workforce; and

9 (iii) the Armed Forces;

10 (B) can be measured and verified objec-
11 tively using widely accepted professional assess-
12 ment standards; and

13 (C) are consistent with widely accepted
14 professional assessment standards and competi-
15 tive with international levels of preparedness of
16 students for postsecondary success.

17 **SEC. 2113. ALIGNING STATE STANDARDS WITH NATIONAL**
18 **BENCHMARKS.**

19 (a) REPORT ON RESULTS OF STATE ASSESSMENTS
20 AND NATIONAL ASSESSMENT.—Not later than 90 days
21 after each release of the results of the National Assess-
22 ment of Educational Progress (as carried out under sec-
23 tion 303(b)(2) of the National Assessment of Educational
24 Progress Authorization Act (20 U.S.C. 9622(b)(2)) and
25 section 1111(c)(2) of the Elementary and Secondary Edu-

1 cation Act of 1965 (20 U.S.C. 6311(c)(2)) in reading or
 2 mathematics (or, beginning in 2009, science) in grades 4
 3 and 8, the Secretary shall—

4 (1) prepare and submit to Congress the report
 5 described in subsection (b) on the results of the
 6 State assessments and the assessments of reading
 7 and mathematics, and, beginning in 2009, science,
 8 in grades 4 and 8, required under section 1111(c)(2)
 9 of the Elementary and Secondary Education Act of
 10 1965; and

11 (2) identify States with significant discrepancies
 12 in performance between the 2 assessments, as de-
 13 scribed in subsection (b)(3).

14 (b) CONTENTS OF REPORT.—

15 (1) IN GENERAL.—The report described in this
 16 subsection shall include the following information for
 17 each subject area and grade described in subsection
 18 (a)(1) in each State:

19 (A) The percentage of students who per-
 20 formed at or above the basic level on the State
 21 assessment—

22 (i) for the most recent applicable year;

23 (ii) for the preceding year; and

24 (iii) for the previous year in which the

25 assessment required under section

1 1111(c)(2) of the Elementary and Sec-
2 ondary Education Act of 1965 was given
3 in such subject,
4 and the change in such percentages between
5 those assessments.

6 (B) The percentage of students who per-
7 formed at or above the proficient level on the
8 State assessment—

- 9 (i) for the most recent applicable year;
10 (ii) for the preceding year; and
11 (iii) for the previous year in which the
12 assessment required under section
13 1111(c)(2) of the Elementary and Sec-
14 ondary Education Act of 1965 was given
15 in such subject,
16 and the change in such percentages between
17 those assessments.

18 (C) The percentage of students who per-
19 formed at or above the basic level on the assess-
20 ment required under section 1111(c)(2) of the
21 Elementary and Secondary Education Act of
22 1965—

- 23 (i) for the most recent applicable year;
24 and
25 (ii) for the previous such assessment,

1 and the change in such percentages between
2 those assessments.

3 (D) The percentage of students who per-
4 formed at or above the proficient level on the
5 assessment required under section 1111(c)(2)
6 of the Elementary and Secondary Education
7 Act of 1965—

8 (i) for the most recent applicable year;
9 and
10 (ii) for the previous such assessment,
11 and the change in such percentages between
12 those assessments.

13 (E) The difference between—

14 (i) the percentage of students who
15 performed at or above the basic level for
16 the most recent applicable year on the as-
17 sessment required under section
18 1111(c)(2) of the Elementary and Sec-
19 ondary Education Act of 1965; and

20 (ii) the percentage of students who
21 performed at or above the basic level on
22 the State assessment for such year.

23 (F) The difference between—

24 (i) the percentage of students who
25 performed at or above the proficient level

1 for the most recent applicable year on the
2 assessment required under section
3 1111(c)(2) of the Elementary and Sec-
4 ondary Education Act of 1965; and

5 (ii) the percentage of students who
6 performed at or above the proficient level
7 on the State assessment for such year.

8 (2) ANALYSIS.—In addition to the information
9 described in paragraph (1), the Secretary shall in-
10 clude in the report—

11 (A) an analysis of how the achievement of
12 students in grades 4, 8, and 12, and the pre-
13 paredness of students in grade 12 (when such
14 data on preparedness exists from assessments
15 described in section 303 of the National Assess-
16 ment of Educational Progress Authorization
17 Act), in the United States compares to the
18 achievement and preparedness of students in
19 other industrialized countries; and

20 (B) possible reasons for any deficiencies
21 identified in the achievement or preparedness of
22 United States students compared to students in
23 other industrialized countries.

24 (3) RANKING.—The Secretary shall—

1 (A) using the information described in
2 paragraph (1), rank the States according to the
3 degree to which student performance on State
4 assessments differs from performance on the
5 assessments required under section 1111(c)(2)
6 of the Elementary and Secondary Education
7 Act of 1965; and

8 (B) identify those States with the most
9 significant discrepancies in performance be-
10 tween the State assessments and the assess-
11 ments required under section 1111(c)(2) of the
12 Elementary and Secondary Education Act of
13 1965.

14 (c) REPORT ON STATE PROGRESS.—Beginning 5
15 years after the date of enactment of this Act, the Sec-
16 retary shall include in the report described in subsection
17 (a)(1) the following:

18 (1) Information about the progress made by
19 States to decrease discrepancies in student perform-
20 ance on the State assessments and the assessments
21 required under section 1111(c)(2) of the Elementary
22 and Secondary Education Act of 1965.

23 (2) The differences that exist in States across
24 subject areas and grades.

1 **SEC. 2114. NATIONAL ASSESSMENT OF EDUCATIONAL**
2 **PROGRESS CHANGES.**

3 (a) NATIONAL ASSESSMENT GOVERNING BOARD.—
4 Section 302 of the National Assessment of Educational
5 Progress Authorization Act (20 U.S.C. 9621) is amend-
6 ed—

7 (1) in subsection (a), by striking “shall formu-
8 late” and all that follows through the period at the
9 end and inserting “shall—

10 “(1) formulate policy guidelines for the Na-
11 tional Assessment of Educational Progress (carried
12 out under section 303); and

13 “(2) carry out, upon the request of a State, an
14 alignment analysis (under section 304) comparing a
15 State’s academic content standards and student aca-
16 demic achievement standards adopted under section
17 1111(b)(1) of the Elementary and Secondary Edu-
18 cation Act of 1965, assessment specifications, as-
19 sessment questions, and performance standards with
20 national benchmarks reflected in the assessments
21 authorized under this Act.”;

22 (2) in subsection (b)(1), by adding at the end
23 the following:

24 “(O) One representative of the Armed
25 Forces with expertise in military personnel re-
26 quirements and military preparedness, who

- 1 shall serve as an ex-officio, nonvoting mem-
2 ber.”;
- 3 (3) in subsection (c), by striking paragraph (4);
4 (4) in subsection (e)—
- 5 (A) in paragraph (1)—
- 6 (i) in subparagraph (B), by inserting
7 “and grade 12 student preparedness lev-
8 els” after “achievement levels”;
- 9 (ii) in subparagraph (D), by inserting
10 “members of the business and military
11 communities,” after “parents,”;
- 12 (iii) in subparagraph (E), by inserting
13 “and” after “subject matter,”;
- 14 (iv) by redesignating subparagraphs
15 (G), (H), (I), and (J) as subparagraphs
16 (H), (I), (K), and (L), respectively;
- 17 (v) by inserting after subparagraph
18 (F) the following:
- 19 “(G) consistent with section 303, measure
20 grade 12 student preparedness;”;
- 21 (vi) by inserting after subparagraph
22 (I) (as redesignated by clause (iv)) the fol-
23 lowing:

“(J) ensure the rigor of the National Assessment of Educational Progress framework and assessments, taking into consideration—

“(i) the knowledge and skills that are prerequisite to credit-bearing coursework in higher education without the need for remediation, the 21st century workforce, and the Armed Forces; and

“(ii) rigorous international content and performance standards, and how the achievement of students in grades 4, 8, and 12, and the preparedness of students in grade 12, in the United States compare to the achievement and the preparedness of students in other industrialized countries;”;

(vii) in subparagraph (K) (as redesignated by clause (iv)), by striking “and” after the semicolon;

(viii) in subparagraph (L) (as redesignated by clause (iv)), by striking the period and inserting “; and”;

(ix) by inserting after subparagraph (L) the following:

1 “(M) conduct an alignment analysis as de-
 2 scribed in section 304 for each State that re-
 3 quests such analysis.”; and

4 (x) in the flush matter at the end—

5 (I) by inserting “for an assess-
 6 ment” after “data”;

7 (II) by inserting “Assessment
 8 Board’s” after “prior to the”; and

9 (III) by striking “(J)” and in-
 10 serting “(L)”;

11 (B) in paragraph (4), by inserting “of
 12 Educational Progress” after “National Assess-
 13 ment”;

14 (C) in paragraph (5), in the paragraph
 15 heading, by inserting “ADVICE” after “TECH-
 16 NICAL”; and

17 (D) in paragraph (6), by inserting “or
 18 grade 12 student preparedness levels” after
 19 “student achievement levels”; and

20 (5) in subsection (g)(1), by inserting “of Edu-
 21 cational Progress” after “National Assessment”.

22 (b) NATIONAL ASSESSMENT OF EDUCATIONAL
 23 PROGRESS.—Section 303 of the National Assessment of
 24 Educational Progress Authorization Act (20 U.S.C. 9622)
 25 is amended—

1 (1) in subsection (b)—

2 (A) in the subsection heading, by striking
3 “PURPOSE” and inserting “PURPOSES”;

4 (B) by striking paragraph (1) and insert-
5 ing the following:

6 “(1) PURPOSES.—The purposes of this section
7 are—

8 “(A) to provide, in a timely manner, a fair
9 and accurate measurement of student achieve-
10 ment and grade 12 student preparedness in
11 reading, mathematics, science, and other sub-
12 ject matter as specified in this section; and

13 “(B) to report trends in student achieve-
14 ment and grade 12 student preparedness in
15 reading, mathematics, science, and other sub-
16 ject matter as specified in this section.”;

17 (C) in paragraph (2)—

18 (i) in subparagraph (B), by striking
19 “reading and mathematics” and inserting
20 “reading, mathematics, and science”;

21 (ii) by striking subparagraph (C) and
22 inserting the following:

23 “(C) conduct a national assessment and
24 collect and report assessment data, including
25 achievement and student preparedness data

trends, in a valid and reliable manner on student academic achievement and student preparedness in public and private schools in reading, mathematics, and science at least once every 2 years in grade 12;”;

(iii) in subparagraph (D)—

(I) by striking “subparagraph (B) are implemented and the requirements described in subparagraph (C) are met,” and inserting “subparagraphs (B) and (C) are implemented,”; and

(II) by striking “science,”;

(iv) in subparagraph (E)—

(I) by striking “reading and mathematics” and inserting “reading, mathematics, and science”; and

(II) by striking “subparagraph (B)” and inserting “subparagraphs (B) and (C)”; and

(v) in subparagraph (H), by striking “achievement data” and inserting “student achievement data and grade 12 student preparedness data”;

(D) in paragraph (3)—

1 (i) in subparagraph (A)—

2 (I) in clause (i), by striking
3 “reading and mathematics” and in-
4 serting “reading, mathematics, and
5 science”;

6 (II) in clause (ii)—

7 (aa) by inserting “and grade
8 12 student preparedness” after
9 “achievement”; and

10 (bb) by striking “reading
11 and mathematics” and inserting
12 “reading, mathematics, and
13 science”; and

14 (III) in clause (iv), by striking
15 “an evaluation” and inserting “a re-
16 view”; and

17 (ii) in subparagraph (C)(ii), by strik-
18 ing “reading and mathematics” and insert-
19 ing “reading, mathematics, and science”;

20 (E) in paragraph (4)(B), by striking “, re-
21 quire, or influence” and inserting “or require”;
22 and

23 (F) in paragraph (5)(B), by striking “aca-
24 demic achievement” and inserting “academic

1 achievement or grade 12 student prepared-
2 ness”;

3 (2) in subsection (c)(3)(A), by striking “aca-
4 demic achievement” and inserting “academic
5 achievement or grade 12 preparedness”;

6 (3) in subsection (d)(3)—

7 (A) in subparagraph (A), by striking
8 “reading and mathematics in grades 4 and 8”
9 and inserting “reading, mathematics, and
10 science in grades 4 and 8”; and

11 (B) in subparagraph (B), by striking
12 “reading and mathematics assessments in
13 grades 4 and 8” and inserting “reading, mathe-
14 matics, and science assessments in grades 4
15 and 8”;

16 (4) in subsection (e)—

17 (A) in the subsection heading, by inserting
18 “AND GRADE 12 STUDENT PREPAREDNESS
19 LEVELS” after “LEVELS”;

20 (B) in paragraph (1)—

21 (i) by striking the paragraph heading
22 and inserting “DEVELOPMENT.—”; and

23 (ii) by inserting “, and develop grade
24 12 student preparedness levels” after
25 “subsection (b)(2)(F)”;

1 (C) in paragraph (2)—

2 (i) by striking subparagraph (A) and
3 inserting the following:

4 “(A) STUDENT ACHIEVEMENT AND GRADE
5 12 PREPAREDNESS LEVELS.—

6 “(i) STUDENT ACHIEVEMENT LEV-
7 ELS.—The student achievement levels de-
8 scribed in paragraph (1) shall be deter-
9 mined by—

10 “(I) identifying the knowledge
11 and skills that—

12 “(aa) are prerequisite to
13 credit-bearing coursework in
14 higher education without the
15 need for remediation in English,
16 mathematics, or science, partici-
17 pation in the 21st century work-
18 force, and the Armed Forces or,
19 in the case of grade 4 and grade
20 8 students, are prerequisite to
21 grade 12 preparedness;

22 “(bb) are competitive with
23 rigorous international content
24 and performance standards; and

1 “(cc) can be measured and
 2 verified objectively using widely
 3 accepted professional assessment
 4 standards; and

5 “(II) developing student achieve-
 6 ment levels that are—

7 “(aa) based on the knowl-
 8 edge and skills identified in sub-
 9 clause (I);

10 “(bb) based on the appro-
 11 priate level of subject matter
 12 knowledge for the grade levels to
 13 be assessed, or the age of the
 14 students, as the case may be; and

15 “(cc) consistent with rel-
 16 evant widely accepted profes-
 17 sional assessment standards.

18 “(ii) GRADE 12 STUDENT PREPARED-
 19 NESS LEVELS.—The grade 12 student pre-
 20 paredness levels described in paragraph (1)
 21 shall be determined by—

22 “(I) identifying the knowledge
 23 and skills that—

24 “(aa) are prerequisite to
 25 credit-bearing coursework in

1 higher education without the
 2 need for remediation in English,
 3 mathematics, or science, partici-
 4 pation in the 21st century work-
 5 force, and the Armed Forces;

6 “(bb) are competitive with
 7 rigorous international content
 8 and performance standards; and

9 “(cc) can be measured and
 10 verified objectively using widely
 11 accepted professional assessment
 12 standards; and

13 “(II) developing grade 12 student
 14 preparedness levels that are—

15 “(aa) based on the knowl-
 16 edge and skills identified in sub-
 17 clause (I); and

18 “(bb) consistent with widely
 19 accepted professional assessment
 20 standards.”; and

21 (ii) in subparagraph (C), by striking
 22 “achievement levels” and inserting “stu-
 23 dent achievement levels and grade 12 stu-
 24 dent preparedness levels”;

25 (D) in paragraph (3)—

1 (i) by striking “After determining
2 that such levels” and inserting “After de-
3 termining that the student achievement
4 levels and grade 12 student preparedness
5 levels”; and

6 (ii) by striking “an evaluation” and
7 inserting “a review”; and

8 (E) in paragraph (4), by inserting “or
9 grade 12 student preparedness levels” after
10 “achievement levels”; and

11 (5) in subsection (f)(1)—

12 (A) in subparagraph (A), by inserting
13 “and grade 12 student preparedness levels”
14 after “student achievement levels”; and

15 (B) in subparagraph (B)—

16 (i) in clause (i), by inserting “or
17 grade 12 student preparedness” after
18 “achievement”;

19 (ii) in clause (ii), by inserting “and
20 grade 12 student preparedness levels”
21 after “achievement levels”;

22 (iii) by striking clause (iii) and insert-
23 ing the following:

24 “(iii) whether any authorized assess-
25 ment is being administered as a random

sample and is reporting the trends in student achievement or grade 12 student preparedness in a valid and reliable manner in the subject areas being assessed;”;

(iv) in clause (iv), by striking “and” after the semicolon;

(v) in clause (v), by striking “and mathematical knowledge.” and inserting “and mathematical knowledge and scientific knowledge; and”; and

(vi) by adding at the end the following:

“(vi) whether the appropriate authorized assessments are measuring, consistent with this section, the preparedness of students in grade 12 in the United States for entry into—

“(I) credit-bearing coursework in higher education without the need for remediation in English, mathematics, or science;

“(II) the 21st century workforce; and

“(III) the Armed Forces.”.

1 (c) NATIONAL BENCHMARKS.—The National Assess-
 2 ment of Educational Progress Authorization Act (20
 3 U.S.C. 9621 et seq.) is amended—

4 (1) by redesignating sections 304 and 305 as
 5 sections 305 and 306, respectively; and

6 (2) by inserting after section 303 the following:

7 **“SEC. 304. NATIONAL BENCHMARKS.**

8 “(a) PURPOSES.—The purposes of this section are—

9 “(1) to encourage the coordination of, and con-
 10 sistency between—

11 “(A) a State’s academic content standards
 12 and student academic achievement standards
 13 adopted under section 1111(b)(1) of the Ele-
 14 mentary and Secondary Education Act of 1965,
 15 assessment specifications, and assessment ques-
 16 tions; and

17 “(B) national benchmarks, as reflected in
 18 the National Assessment of Educational
 19 Progress;

20 “(2) to assist States in increasing the rigor of
 21 their State academic content standards, student aca-
 22 demic achievement standards, assessment specifica-
 23 tions, and assessment questions, to ensure that such
 24 are competitive with rigorous national and inter-
 25 national benchmarks; and

1 “(3) to improve the instruction and academic
2 achievement of students, beginning in the early
3 grades, to ensure that secondary school graduates
4 are well-prepared to enter—

5 “(A) credit-bearing coursework in higher
6 education without the need for remediation;

7 “(B) the 21st century workforce; or

8 “(C) the Armed Forces.

9 “(b) ALIGNMENT ANALYSIS.—

10 “(1) IN GENERAL.—When the chief State
11 school officer of a State identifies a need for, and re-
12 quests the Assessment Board to conduct, an align-
13 ment analysis for the State in reading, mathematics,
14 or science in grades 4 and 8, the Assessment Board
15 shall perform an alignment analysis of the State’s
16 academic content standards and student academic
17 achievement standards adopted under section
18 1111(b)(1) of the Elementary and Secondary Edu-
19 cation Act of 1965 (20 U.S.C. 6311(b)(1)), assess-
20 ment specifications, and assessment questions, for
21 the identified subject in grades 4 and 8. Such anal-
22 ysis shall begin not later than 180 days after the
23 alignment analysis is requested.

1 “(2) ASSESSMENT BOARD RESPONSIBILITIES.—

2 As part of the alignment analysis, the Assessment
3 Board shall—

4 “(A) identify the differences between the
5 State’s academic content standards and student
6 academic achievement standards, assessment
7 specifications, and assessment questions for the
8 subject identified by the State, and national
9 benchmarks reflected in the National Assess-
10 ment of Educational Progress in such subject in
11 grades 4 and 8;

12 “(B) at the State’s request, recommend
13 steps for, and policy questions such State
14 should consider regarding, the alignment of the
15 State’s academic content standards and student
16 academic achievement standards in the identi-
17 fied subject, with national benchmarks reflected
18 in the National Assessment of Educational
19 Progress in such subject in grades 4 and 8; and

20 “(C) at the State’s request, and in con-
21 junction with a State prekindergarten through
22 grade 16 student preparedness council estab-
23 lished under section 2115 of the New National
24 Defense Education Act, assist in the develop-

1 ment of a plan described in section
2 2115(e)(1)(C) of such Act.

3 “(3) CONTRACT.—At the discretion of the As-
4 sessment Board, the Assessment Board may enter
5 into a contract with an entity that possesses the
6 technical expertise to conduct the analysis described
7 in this subsection.

8 “(4) STATE PANEL.—The chief State school of-
9 ficer of a State participating in an alignment anal-
10 ysis described in this subsection shall appoint a
11 panel of not less than 6 individuals to partner with
12 the Assessment Board in conducting the alignment
13 analysis. Such panel—

14 “(A) shall include—

15 “(i) local and State curriculum ex-
16 perts;

17 “(ii) relevant content and pedagogy
18 experts, including representatives of enti-
19 ties with widely accepted national edu-
20 cational standards and assessments; and

21 “(iii) not less than 1 entity that pos-
22 sesses the technical expertise to assist the
23 State in implementing standards-based re-
24 form, which may be the same entity with
25 which the Assessment Board contracts to

1 conduct the analysis under paragraph (3);

2 and

3 “(B) may include other State and local
4 representatives and representatives of organiza-
5 tions with relevant expertise.”.

6 (d) DEFINITION OF SECRETARY.—Section 305 of the
7 National Assessment of Educational Progress Authoriza-
8 tion Act (as redesignated by subsection (c)(1)) is amend-
9 ed—

10 (1) by redesignating paragraph (2) as para-
11 graph (3); and

12 (2) by inserting after paragraph (1) the fol-
13 lowing:

14 “(2) SECRETARY.—The term ‘Secretary’ means
15 the Secretary of Education.”.

16 (e) AUTHORIZATION OF APPROPRIATIONS.—Section
17 306(a) of the National Assessment of Educational
18 Progress Authorization Act (as redesignated by subsection
19 (c)(1)) is amended—

20 (1) by striking paragraph (1) and inserting the
21 following:

22 “(1) for fiscal year 2007—

23 “(A) \$7,500,000 to carry out section 302;

24 “(B) \$200,000,000 to carry out section

25 303; and

1 “(C) \$10,000,000 to carry out section 304;
2 and”; and

3 (2) in paragraph (2)—

4 (A) by striking “5 succeeding” and insert-
5 ing “4 succeeding”; and

6 (B) by striking “and 303, as amended by
7 section 401 of this Act” and inserting “, 303,
8 and 304”.

9 (f) CONFORMING CHANGES AND AMENDMENTS.—

10 (1) CONFORMING CHANGES TO THE ELEMEN-
11 TARY AND SECONDARY EDUCATION ACT OF 1965.—

12 (A) STATE PLANS.—Section 1111(c)(2) of
13 the Elementary and Secondary Education Act
14 of 1965 (20 U.S.C. 6311(c)(2)) is amended by
15 striking “and mathematics” and inserting “,
16 mathematics, and science”.

17 (B) LOCAL EDUCATIONAL AGENCY
18 PLANS.—Section 1112(b)(1)(F) of the Elemen-
19 tary and Secondary Education Act of 1965 (20
20 U.S.C. 6312(b)(1)(F)) is amended by striking
21 “reading and mathematics” and inserting
22 “reading, mathematics, and science”.

23 (2) CONFORMING AMENDMENT.—Section
24 113(a)(1) of the Education Sciences Reform Act of
25 2002 (20 U.S.C. 9513(a)(1)) is amended by striking

1 “section 302(e)(1)(J)” and inserting “section
2 302(e)(1)(L)”.

3 **SEC. 2115. PREKINDERGARTEN THROUGH GRADE 16 STU-**
4 **DENT PREPAREDNESS COUNCIL GRANTS.**

5 (a) PROGRAM AUTHORIZED.—

6 (1) IN GENERAL.—From amounts appropriated
7 under subsection (g) for a fiscal year, the Secretary
8 is authorized to award, on a competitive basis,
9 grants to States for the purpose of allowing the
10 States to establish State prekindergarten through
11 grade 16 student preparedness councils (referred to
12 in this section as “councils”) that—

13 (A) convene stakeholders within the State
14 and create a forum for identifying and deliberating on educational issues that cut across
15 prekindergarten through grade 12 education
16 and higher education, and transcend any single
17 system of education’s ability to address;

18 (B) develop and implement a plan for improving the rigor of a State’s academic content
19 standards, student academic achievement standards, assessment specifications, and assessment
20 questions as necessary, to ensure such standards and assessments meet national and international
21 benchmarks as reflected in the assess-

1 ments required under section 303(b)(2) of the
2 National Assessment of Educational Progress
3 Authorization Act (20 U.S.C. 9622(b)(2)) or as
4 defined by the council as necessary for success
5 in credit-bearing coursework in higher edu-
6 cation without the need for remediation, the
7 21st century workforce, or the Armed Forces;

8 (C) inform the design and implementation
9 of integrated prekindergarten through grade 16
10 data systems, which—

11 (i) will allow the State to track the
12 progress of individual students from pre-
13 kindergarten through grade 12 and into
14 higher education; and

15 (ii) shall be capable of being linked
16 with appropriate databases on service in
17 the Armed Forces and participation in the
18 21st century workforce; and

19 (D) shall develop challenging—

20 (i) school readiness standards;

21 (ii) curricula for elementary schools
22 and middle schools; and

23 (iii) 21st century curricula for sec-
24 ondary schools.

1 (2) DURATION.—The Secretary shall award
2 grants under this section for a period of not more
3 than 5 years.

4 (3) EXISTING STATE COUNCIL.—A State with
5 an existing State council may qualify for the pur-
6 poses of a grant under this section if—

7 (A) such council—

8 (i) has the authority to carry out this
9 section; and

10 (ii) includes the members required
11 under subsection (b); or

12 (B) the State amends the membership or
13 responsibilities of the existing council to meet
14 the requirements of subparagraph (A).

15 (b) COMPOSITION.—

16 (1) REQUIRED MEMBERS.—The members of a
17 council described in subsection (a) shall include—

18 (A) the Governor of the State or the des-
19 ignee of the Governor;

20 (B) the chief executive officer of the State
21 public institution of higher education system, if
22 such a position exists;

23 (C) the chief executive officer of the State
24 Higher Education Coordinating Board;

25 (D) the chief State school officer;

1 (E) not less than 1 representative each
2 from—

3 (i) the business community; and

4 (ii) the Armed Forces;

5 (F) a public elementary school teacher em-
6 ployed in the State; and

7 (G) a public secondary school teacher em-
8 ployed in the State.

9 (2) OPTIONAL MEMBERS.—The council de-
10 scribed in subsection (a) may also include—

11 (A) a representative from—

12 (i) a private institution of higher edu-
13 cation;

14 (ii) the Chamber of Commerce for the
15 State;

16 (iii) a civic organization;

17 (iv) a civil rights organization;

18 (v) a community organization; or

19 (vi) an organization with expertise in
20 world cultures;

21 (B) the State official responsible for eco-
22 nomic development, if such a position exists; or

23 (C) a dean or similar representative for a
24 school of education at an institution of higher

1 education or a similar teacher certification or li-
2 censure program.

3 (c) TIMELINE.—A State receiving a grant under this
4 section shall establish a council (or use or amend an exist-
5 ing council in accordance with subsection (a)(3)) not later
6 than 60 days after the receipt of the grant.

7 (d) APPLICATION.—

8 (1) IN GENERAL.—Each State desiring a grant
9 under this section shall submit an application to the
10 Secretary at such time, in such manner, and accom-
11 panied by such information as the Secretary may
12 reasonably require.

13 (2) CONTENTS.—Each application submitted
14 under paragraph (1) shall—

15 (A) demonstrate that the opinions of the
16 larger education, business, and military commu-
17 nity, including parents, students, teachers,
18 teacher educators, principals, school administra-
19 tors, and business leaders, will be represented
20 during the determination of the State academic
21 content standards and student academic
22 achievement standards, assessment specifica-
23 tions, assessment questions, and the develop-
24 ment of curricula, if applicable;

1 (B) include a comprehensive plan to pro-
2 vide high-quality professional development for
3 teachers, paraprofessionals, principals, and
4 school administrators;

5 (C) explain how the State will provide as-
6 sistance to local educational agencies in imple-
7 menting rigorous State standards through sub-
8 stantive curricula, including scientifically based
9 remediation and acceleration opportunities for
10 students; and

11 (D) explain how the State and the council
12 will leverage additional State, local, and other
13 funds to pursue curricular alignment and stu-
14 dent success.

15 (e) USE OF FUNDS.—

16 (1) REQUIRED ACTIVITIES.—A State receiving
17 a grant under this section shall use the grant funds
18 to establish a council that shall carry out the fol-
19 lowing:

20 (A) Design and implement an integrated
21 prekindergarten through grade 16 longitudinal
22 data system for the State, if such system does
23 not exist, that will allow the State to track the
24 progress of students from prekindergarten,
25 through grade 12, and into higher education,

the 21st century workforce, and the Armed Forces. The data system shall—

(i) include—

(I) a unique statewide student identifier for each student;

(II) student-level enrollment, demographic, and program participation information, including race or ethnicity, gender, and income status;

(III) the ability to match individual students' test records from year to year to measure academic growth;

(IV) information on untested students;

(V) a teacher identifier system with the ability to match teachers to students;

(VI) student-level transcript information, including information on courses completed and grades earned;

(VII) student-level college preparedness examination scores;

(VIII) student-level graduation and dropout data;

1 (IX) the ability to match student
 2 records between the prekindergarten
 3 through grade 12 and the postsec-
 4 ondary systems;

5 (X) a State data audit system as-
 6 sessing data quality, validity, and reli-
 7 ability;

8 (XI) rates of student attendance
 9 at institutions of higher education;

10 (XII) rates of student enrollment
 11 and retention in the Armed Forces;
 12 and

13 (XIII) student nonmilitary post-
 14 secondary employment information;

15 (ii) to the extent possible, coordinate
 16 with other relevant State databases, such
 17 as criminal justice or social services data
 18 systems;

19 (iii) allow the State to analyze correla-
 20 tions between course-taking patterns in
 21 prekindergarten through grade 12 and out-
 22 comes after secondary school graduation,
 23 including—

24 (I) entry into higher education;

1 (II) the need for, and cost of, re-
2 mediation in higher education;

3 (III) graduation from higher edu-
4 cation;

5 (IV) entry into the 21st century
6 workforce;

7 (V) entry into the Armed Forces;
8 and

9 (VI) to the extent possible
10 through linkages with appropriate
11 databases on service in the Armed
12 Forces and participation in the 21st
13 century workforce, persistence in the
14 Armed Forces and continued partici-
15 pation in the 21st century workforce;
16 and

17 (iv) ensure that the use of any avail-
18 able data does not allow for the public
19 identification of the individual student's
20 personally identifiable information, and
21 that all data shall be collected and main-
22 tained in accordance with section 444 of
23 the General Education Provisions Act (20
24 U.S.C. 1232g; commonly referred to as the

1 Family Educational Rights and Privacy
2 Act of 1974).

3 (B) If an integrated prekindergarten
4 through grade 16 longitudinal data system ex-
5 ists or is currently being built, ensure that it
6 complies with the requirements described in
7 subparagraph (A).

8 (C) Develop and implement a plan to in-
9 crease the rigor of standards or assessments in
10 reading, mathematics, or science in order to
11 better align such standards or assessments with
12 national benchmarks reflected in the National
13 Assessment of Educational Progress in grades 4
14 and 8 (in accordance with the results of the
15 alignment analysis conducted under section 304
16 of the National Assessment of Educational
17 Progress Authorization Act), and in other
18 grades to ensure the alignment of kindergarten
19 through grade 12 standards or assessments
20 with the revisions made in grades 4 and 8, or
21 to align such standards or assessments with the
22 demands of higher education, the 21st century
23 workforce, or the Armed Forces or other na-
24 tional and international benchmarks identified
25 by the council. Such plan may include—

1 (i) an articulation of the steps nec-
2 essary—

3 (I) for revising the State aca-
4 demic content standards and student
5 academic achievement standards, as-
6 sessment specifications, and assess-
7 ment questions for the identified sub-
8 ject; and

9 (II) to better align the standards
10 and the assessment specifications and
11 questions described in subclause (I)
12 with—

13 (aa) national benchmarks as
14 reflected in the National Assess-
15 ment of Educational Progress re-
16 quired under section 303 of the
17 National Assessment of Edu-
18 cational Progress Authorization
19 Act (20 U.S.C. 9622) for the
20 identified subject; or

21 (bb) the demands of higher
22 education, the 21st century work-
23 force, or the Armed Forces or
24 other national or international

1 benchmarks identified by the
2 council;

3 (ii) an articulation of the steps nec-
4 essary and the process the State will un-
5 dertake to revise standards or assessments,
6 or both, in the identified subject;

7 (iii) a description of the partners the
8 State will work with to revise standards or
9 assessments, or both; and

10 (iv) a description of the activities the
11 State will undertake to implement the re-
12 vised standards or assessments, or both, at
13 the State educational agency level and the
14 local educational agency level, which activi-
15 ties may include—

16 (I) preservice and in-service
17 teacher, paraprofessional, principal,
18 and school administrator training;

19 (II) statewide meetings to pro-
20 vide professional development oppor-
21 tunities for teachers and administra-
22 tors;

23 (III) development of curricula
24 and instructional methods and mate-
25 rials;

1 (IV) the redesign of existing as-
2 sessments, or the development or pur-
3 chase of new high-quality assess-
4 ments, with a focus on ensuring that
5 such assessments are rigorous, meas-
6 ure significant depth of knowledge,
7 use multiple measures and formats
8 (such as student portfolios), and are
9 sensitive to inquiry-based, project-
10 based, or differentiated instruction;
11 and

12 (V) other activities necessary for
13 the effective implementation of the
14 new State standards or assessments,
15 or both.

16 (D) Analyze the State's level of prekindergarten
17 through grade 16 curricular alignment
18 and the success of the State's education system
19 in preparing students for higher education, the
20 21st century workforce, and the Armed Forces
21 by—

22 (i) using the data produced by a data
23 system described in subparagraph (A) or
24 (B), or other information as appropriate;
25 and

1 (ii) exploring a possible agreement be-
2 tween the State educational agency and
3 the higher education system in the State
4 on a common assessment or assessments
5 that—

6 (I) shall follow established guide-
7 lines to guarantee reliability and va-
8 lidity;

9 (II) shall provide adequate ac-
10 commodations for students who are
11 limited English proficient and stu-
12 dents with disabilities; and

13 (III) may be a placement exam-
14 ination, end of course examination,
15 college, workforce, or Armed Forces
16 preparedness examination, or admis-
17 sions examination, that measures sec-
18 ondary students' preparedness to suc-
19 ceed in postsecondary, credit-bearing
20 courses.

21 (E) If the State has an officially des-
22 ignated college preparatory curriculum at the
23 time the State applies for a grant under this
24 section—

1 (i) describe the extent to which stu-
2 dents who completed the college pre-
3 paratory curriculum are more or less suc-
4 cessful than other students, including stu-
5 dents who did not complete a college pre-
6 paratory curriculum, in entering and grad-
7 uating from a program of study at an in-
8 stitution of higher education or entering
9 the 21st century workforce or the Armed
10 Forces;

11 (ii) examine the extent to which the
12 expectations of the college preparatory cur-
13 riculum are aligned with the entry stand-
14 ards of the State's institutions of higher
15 education, including whether such cur-
16 riculum enables secondary school students
17 to enter credit-bearing coursework in high-
18 er education without the need for remedi-
19 ation; and

20 (iii) examine the extent to which the
21 curriculum allows graduates to attain the
22 skills necessary to enter the 21st century
23 workforce or the Armed Forces.

24 (F) If the State has not designated a col-
25 lege preparatory curriculum at the time the

1 State applied for a grant under this section, or
2 if the curriculum described in subparagraph (E)
3 does not result in a higher number of students
4 enrolling in and graduating from institutions of
5 higher education or entering the 21st century
6 workforce or the Armed Forces, or is not
7 aligned with the entry standards described in
8 subparagraph (E)(ii), develop a 21st century
9 curriculum that—

10 (i) may be adopted by the local edu-
11 cational agencies in the State for use in
12 secondary schools;

13 (ii) enables secondary school students
14 to enter credit-bearing coursework in high-
15 er education without the need for remedi-
16 ation;

17 (iii) allows graduates to attain the
18 skills necessary to enter the 21st century
19 workforce or the Armed Forces;

20 (iv) reflects the input of teachers,
21 principals, school administrators, and col-
22 lege faculty; and

23 (v) focuses on providing rigorous core
24 courses that reflect the State academic

1 content standards and student academic
2 achievement standards.

3 (G) Develop and make available specific
4 opportunities for extensive professional develop-
5 ment for teachers, paraprofessionals, principals,
6 and school administrators, to improve instruc-
7 tion and support mechanisms for students using
8 a curriculum described in subparagraph (E) or
9 (F).

10 (H) Develop a plan to provide remediation
11 and additional learning opportunities for stu-
12 dents below grade level to ensure that all stu-
13 dents will have the opportunity to meet the cur-
14 ricular standards of a curriculum described in
15 subparagraph (E) or (F).

16 (I) Use data gathered by the council to im-
17 prove instructional methods, better tailor stu-
18 dent support services, and serve as the basis for
19 all school reform initiatives.

20 (J) Implement activities designed to ensure
21 the enrollment of all students in rigorous
22 coursework, which may include—

23 (i) specifying the courses and per-
24 formance levels required for acceptance
25 into public institutions of higher education;

1 (ii) collaborating with institutions of
2 higher education or other State educational
3 agencies to develop assessments aligned to
4 State academic content standards and a
5 curriculum described in subparagraph (E)
6 or (F), which assessments may be used as
7 measures of student achievement in sec-
8 ondary school as well as for entrance or
9 placement at institutions of higher edu-
10 cation;

11 (iii) creating ties between elementary
12 schools and secondary schools, and institu-
13 tions of higher education, to offer—

14 (I) accelerated learning opportu-
15 nities, particularly with respect to
16 mathematics, science, engineering,
17 technology, and critical-need foreign
18 languages (as determined by the Sec-
19 retary under section 2222) to sec-
20 ondary school students, which may in-
21 clude—

22 (aa) granting postsecondary
23 credit for secondary school
24 courses;

1 (bb) providing early enroll-
2 ment opportunities in postsec-
3 ondary education for secondary
4 students enrolled in postsec-
5 ondary-level coursework;

6 (cc) creating dual enrollment
7 programs;

8 (dd) creating satellite sec-
9 ondary school campuses on the
10 campuses of institutions of high-
11 er education; and

12 (ee) providing opportunities
13 for higher education faculty who
14 are highly qualified, as such term
15 is defined in section 9101 of the
16 Elementary and Secondary Edu-
17 cation Act of 1965 (20 U.S.C.
18 7801), to teach credit-bearing
19 postsecondary courses in sec-
20 ondary schools; and

21 (II) professional development ac-
22 tivities for teachers, which may in-
23 clude—

24 (aa) mentoring opportuni-
25 ties; and

- 1 (bb) summer institutes;
- 2 (iv) expanding or creating higher edu-
- 3 cation awareness programs for middle
- 4 school and secondary school students;
- 5 (v) expanding opportunities for stu-
- 6 dents to enroll in highly rigorous postsec-
- 7 ondary preparatory courses, such as Ad-
- 8 vanced Placement and International Bac-
- 9 calaureate courses; and
- 10 (vi) developing a high-quality profes-
- 11 sional development curriculum to provide
- 12 professional development opportunities for
- 13 paraprofessionals, teachers, principals, and
- 14 administrators.

15 (2) PLANNING AND IMPLEMENTATION.—A
 16 State receiving a grant under this section may use
 17 grant funds received for the first fiscal year to form
 18 the council and plan the activities described in para-
 19 graph (1). Grant funds received for subsequent fiscal
 20 years shall be used for the implementation of the ac-
 21 tivities described in such paragraph.

22 (f) REPORTS AND PUBLICATION.—

23 (1) REPORTS.—

24 (A) INITIAL REPORT.—Not later than 9
 25 months after a State receives a grant under

1 this section, the State shall submit a report to
2 the Secretary that includes—

3 (i) an analysis of alignment and ar-
4 ticulation across the State's systems of
5 public education for prekindergarten
6 through grade 16, including data that indi-
7 cates the percent of students who—

8 (I) graduate from secondary
9 school with a regular diploma in the
10 standard number of years;

11 (II) complete a curriculum de-
12 scribed in subparagraph (E) or (F) of
13 subsection (e)(1);

14 (III) matriculate into an institu-
15 tion of higher education (disaggre-
16 gated by 2-year and 4-year degree-
17 granting programs);

18 (IV) are secondary school grad-
19 uates who need remediation in read-
20 ing, writing, mathematics, or science
21 before pursuing credit-bearing post-
22 secondary courses in English, mathe-
23 matics, or science;

1 (V) persist in an institution of
2 higher education into the second year;
3 and

4 (VI) graduate from an institution
5 of higher education within 150 per-
6 cent of the expected time for degree
7 completion (within 3 years for a 2-
8 year degree program and within 6
9 years for a baccalaureate degree);

10 (ii) an analysis of the strengths and
11 weaknesses of the State—

12 (I) in transitioning students from
13 the prekindergarten through grade 12
14 education system into higher edu-
15 cation, the 21st century workforce,
16 and the Armed Forces; and

17 (II) in transitioning students
18 from the prekindergarten through
19 grade 12 education system into math-
20 ematics, science, engineering, tech-
21 nology, and critical-need foreign lan-
22 guage degree programs at institutions
23 of higher education;

24 (iii) an analysis of the quality and
25 rigor of the State's curriculum described in

1 subparagraph (E) or (F) of subsection
2 (e)(1), and the accessibility of the cur-
3 riculum to all students in prekindergarten
4 through grade 12;

5 (iv) an analysis of the strengths and
6 weaknesses of the State in recruiting, re-
7 taining, and supporting qualified teachers,
8 including—

9 (I) whether the State needs to re-
10 cruit additional teachers at the sec-
11 ondary level for specific subjects (such
12 as mathematics, science, engineering
13 and technology education, (as such
14 term is defined in section 9101 of the
15 Elementary and Secondary Education
16 Act of 1965 (20 U.S.C. 7801), and
17 critical-need foreign languages (as de-
18 termined by the Secretary under sec-
19 tion 2222)), particular schools, or
20 local educational agencies; and

21 (II) recommendations on how to
22 set and achieve goals in this pursuit;
23 and

24 (v) a detailed action plan that de-
25 scribes how the council will accomplish the

1 goals and tasks required by the grant
2 under this section, including a timeline for
3 accomplishing all activities under the
4 grant.

5 (B) ANNUAL REPORTS.—Not later than 1
6 year following the submission of the initial re-
7 port described in subparagraph (A), and annu-
8 ally thereafter for the duration of the grant, a
9 State receiving a grant under this section shall
10 prepare and submit to the Secretary a report
11 that describes the State's progress in accom-
12 plishing the goals and tasks required by the
13 grant, including progress on each item de-
14 scribed in subparagraph (A). The final annual
15 report under this subparagraph shall be sub-
16 mitted 1 year after the expiration of the grant.

17 (2) PUBLICATION.—A State submitting a re-
18 port in accordance with this subsection shall publish
19 and widely disseminate the report to the public, in-
20 cluding posting the report on the Internet.

21 (g) AUTHORIZATION OF APPROPRIATIONS.—There
22 are authorized to be appropriated to carry out this section
23 \$200,000,000 for fiscal year 2007, and such sums as may
24 be necessary for each of the 4 succeeding fiscal years.

1 **SEC. 2116. COLLABORATIVE STANDARDS AND ASSESS-**
2 **MENTS GRANTS.**

3 (a) DEFINITIONS.—In this section:

4 (1) ELIGIBLE STATE.—The term “eligible
5 State” means a State that demonstrates that it has
6 analyzed and, where applicable, revised the State
7 standards and assessments, through participation in
8 a prekindergarten through grade 16 student pre-
9 paredness council described in section 2115 or
10 through other State action, to ensure the standards
11 and assessments—

12 (A) are aligned with the demands of the
13 21st century; and

14 (B) prepare students for entry into—

15 (i) credit-bearing coursework in higher
16 education without the need for remedi-
17 ation;

18 (ii) the 21st century workforce; and

19 (iii) the Armed Forces

20 (2) ELIGIBLE CONSORTIUM.—

21 (A) IN GENERAL.—The term “eligible con-
22 sortium” means a consortium of 2 or more eli-
23 gible States that agrees to allow the Secretary,
24 under subsection (e), to make available any as-
25 sessment developed by the consortium under
26 this section to a State that so requests, includ-

1 ing a State that is not a member of the consor-
2 tium.

3 (B) ADDITIONAL MEMBERS.—An eligible
4 consortium may include, in addition to 2 or
5 more eligible States, an entity with the tech-
6 nical expertise to carry out a grant under this
7 section.

8 (b) PROGRAM AUTHORIZED.—From amounts author-
9 ized under subsection (f), the Secretary shall award
10 grants, on a competitive basis, to eligible consortia to en-
11 able the eligible consortia to develop common standards
12 and assessments that—

13 (1) are highly rigorous, internationally competi-
14 tive, and aligned with the demands of higher edu-
15 cation, the 21st century workforce, and the Armed
16 Forces; and

17 (2) in the case of assessments, set rigorous per-
18 formance standards comparable to rigorous national
19 and international benchmarks.

20 (c) APPLICATION.—An eligible consortium desiring a
21 grant under this section shall submit an application to the
22 Secretary at such time, in such manner, and containing
23 such information as the Secretary may require.

24 (d) REPORT.—Not later than 90 days after the end
25 of the grant period, an eligible consortium receiving a

1 grant under this section shall prepare and submit a report
2 to the Secretary describing the grant activities.

3 (e) AVAILABILITY OF ASSESSMENTS.—The Secretary
4 shall—

5 (1) make available, to a State that so requests
6 and at no charge to the State, any rigorous, high-
7 quality assessment developed by an eligible consor-
8 tium under this section; and

9 (2) notify potential eligible States, at reasonable
10 intervals, of all assessments currently under develop-
11 ment by eligible consortia under this section.

12 (f) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated to carry out this section
14 \$75,000,000 for fiscal year 2007 and such sums as are
15 necessary for each of the 4 succeeding fiscal years.

16 **CHAPTER 2—INVESTING IN TEACHERS**

17 **SEC. 2121. PURPOSE.**

18 The purpose of this chapter is to increase the number
19 and quality of teachers of mathematics, science, engineer-
20 ing and technology education, and critical-need foreign
21 languages, in order to prepare students for entry into
22 credit-bearing courses in higher education without the
23 need for remediation, the 21st century workforce, and the
24 Armed Forces.

1 **SEC. 2122. DEFINITION OF ENGINEERING AND TECH-**
2 **NOLOGY EDUCATION.**

3 (a) ELEMENTARY AND SECONDARY EDUCATION ACT
4 OF 1965.—Section 9101 of the Elementary and Secondary
5 Education Act of 1965 (20 U.S.C. 7801) is amended—

6 (1) by redesignating paragraphs (19) through
7 (43) as paragraphs (20) through (44), respectively;
8 and

9 (2) by inserting after paragraph (18) the fol-
10 lowing:

11 “(19) ENGINEERING AND TECHNOLOGY EDU-
12 CATION.—The term ‘engineering and technology
13 education’ means a curriculum and instruction
14 that—

15 “(A) uses technology as a knowledge base
16 or as a way of teaching innovation using an en-
17 gineering design process and context;

18 “(B) develops an appreciation and funda-
19 mental understanding of technology through de-
20 sign skills and the use of materials, tools, proc-
21 esses, and limited resources;

22 “(C) is taught in conjunction with applied
23 mathematics, science, language arts, fine arts,
24 and social studies as a part of a comprehensive
25 education;

1 “(D) applies the use of tools and skills em-
 2 ployed by a globalized skilled 21st century
 3 workforce that are necessary for communica-
 4 tion, manufacturing, construction, energy sys-
 5 tems, biomedical systems, transportation sys-
 6 tems, and other related fields; and

7 “(E) through the application of engineer-
 8 ing principles and concepts, develops proficiency
 9 in abstract ideas and in problem-solving tech-
 10 niques that build a comprehensive education.”.

11 (b) HIGHER EDUCATION ACT OF 1965.—Section 103
 12 of the Higher Education Act of 1965 (20 U.S.C. 1003)
 13 is amended—

14 (1) by redesignating paragraphs (5) through
 15 (16) as paragraphs (6) through (17), respectively;
 16 and

17 (2) by inserting after paragraph (4) the fol-
 18 lowing:

19 “(5) ENGINEERING AND TECHNOLOGY EDU-
 20 CATION.—The term ‘engineering and technology
 21 education’ has the meaning given the term in section
 22 9101 of the Elementary and Secondary Education
 23 Act of 1965.”.

1 **SEC. 2123. EXPANDING TEACHER LOAN FORGIVENESS.**

2 (a) INCREASED AMOUNT; APPLICABILITY OF EX-
 3 PANDED PROGRAM TO READING SPECIALIST.—Sections
 4 428J(c)(3) and 460(c)(3) of the Higher Education Act of
 5 1965 (20 U.S.C. 1078–10(c)(3), 1087j(c)(3)) are each
 6 amended—

7 (1) by striking the paragraph heading and in-
 8 serting “ADDITIONAL AMOUNTS FOR TEACHERS IN
 9 MATHEMATICS, SCIENCE, ENGINEERING AND TECH-
 10 NOLOGY EDUCATION, A CRITICAL-NEED FOREIGN
 11 LANGUAGE, OR SPECIAL EDUCATION”;

12 (2) in the matter preceding subparagraph (A),
 13 by striking “\$17,500” and inserting “\$23,000”; and

14 (3) in subparagraph (A)(ii), by striking “or
 15 science” and all that follows through “; and” and in-
 16 serting “, science, engineering and technology edu-
 17 cation, or a critical-need foreign language (as deter-
 18 mined by the Secretary under section 2222 of the
 19 New National Defense Education Act), on a full-
 20 time basis; and”.

21 (b) ANNUAL INCREMENTS INSTEAD OF END OF
 22 SERVICE LUMP SUMS.—

23 (1) FFEL LOANS.—Section 428J(c) of the
 24 Higher Education Act of 1965 (20 U.S.C. 1078–
 25 10(c)) is amended by adding at the end the fol-
 26 lowing:

1 “(4) ANNUAL INCREMENTS.—Notwithstanding
 2 paragraph (1), in the case of an individual quali-
 3 fying for loan forgiveness under paragraph (3), the
 4 Secretary shall, in lieu of waiting to assume an obli-
 5 gation only upon completion of 5 complete years of
 6 service, assume the obligation to repay—

7 “(A) after each of the first and second
 8 years of service by an individual in a position
 9 qualifying under paragraph (3), 15 percent of
 10 the total amount of principal and interest of the
 11 loans described in paragraph (1) to such indi-
 12 vidual that are outstanding immediately pre-
 13 ceding such first year of such service;

14 “(B) after each of the third and fourth
 15 years of such service, 20 percent of such total
 16 amount; and

17 “(C) after the fifth year of such service, 30
 18 percent of such total amount.”.

19 (2) DIRECT LOANS.—Section 460(c) of the
 20 Higher Education Act of 1965 (20 U.S.C. 1087j(c))
 21 is amended by adding at the end the following:

22 “(4) ANNUAL INCREMENTS.—Notwithstanding
 23 paragraph (1), in the case of an individual quali-
 24 fying for loan cancellation under paragraph (3), the
 25 Secretary shall, in lieu of waiting to assume an obli-

1 gation only upon completion of 5 complete years of
2 service, assume the obligation to repay—

3 “(A) after each of the first and second
4 years of service by an individual in a position
5 qualifying under paragraph (3), 15 percent of
6 the total amount of principal and interest of the
7 loans described in paragraph (1) to such indi-
8 vidual that are outstanding immediately pre-
9 ceding such first year of such service;

10 “(B) after each of the third and fourth
11 years of such service, 20 percent of such total
12 amount; and

13 “(C) after the fifth year of such service, 30
14 percent of such total amount.”.

15 **SEC. 2124. EXCLUSION FROM GROSS INCOME OF COM-**
16 **PENSATION OF TEACHERS AND PRINCIPALS**
17 **IN CERTAIN HIGH-NEED SCHOOLS AND**
18 **TEACHING HIGH-NEED SUBJECTS.**

19 (a) IN GENERAL.—Part III of subchapter B of chap-
20 ter 1 of the Internal Revenue Code of 1986 is amended
21 by inserting after section 139A the following new section:

22 **“SEC. 139B. COMPENSATION OF CERTAIN TEACHERS AND**
23 **PRINCIPALS.**

24 “(a) PRINCIPALS IN HIGH-NEED SCHOOLS.—In the
25 case of an individual employed as a principal in a high-

1 need school during the taxable year, gross income does not
 2 include so much remuneration for such employment
 3 (which would but for this paragraph be includible in gross
 4 income) as does not exceed \$15,000.

5 “(b) TEACHERS IN HIGH-NEED SCHOOLS AND OF
 6 HIGH-NEED SUBJECTS.—

7 “(1) IN GENERAL.—In the case of an individual
 8 employed as a teacher of high-need subjects and in
 9 a high-need school during the taxable year, gross in-
 10 come does not include so much remuneration for
 11 such employment (which would but for this para-
 12 graph be includible in gross income) as does not ex-
 13 ceed \$15,000.

14 “(2) TEACHER OF HIGH-NEED SUBJECTS.—For
 15 purposes of this subsection, the term ‘teacher of
 16 high-need subjects’ means any teacher in a public el-
 17 elementary or secondary school who—

18 “(A)(i) teaches primarily 1 or more high-
 19 need subjects in 1 or more of grades 9 through
 20 12, or

21 “(ii) teaches 1 or more high-need subjects
 22 in 1 or more of grades kindergarten through 8,

23 “(B) received a baccalaureate or similar
 24 degree from an eligible educational institution

1 (as defined in section 25A(f)(2)) with a major
 2 in a high-need subject, and

3 “(C) is highly qualified (as defined in sec-
 4 tion 9101 of the Elementary and Secondary
 5 Education Act of 1965 or, in the case of a spe-
 6 cial education teacher, in section 602 of the In-
 7 dividuals with Disabilities Education Act).

8 “(3) HIGH-NEED SUBJECTS.—For purposes of
 9 this subsection, the term ‘high-need subject’ means
 10 mathematics, science, engineering and technology
 11 education, a critical-need foreign language (as deter-
 12 mined by the Secretary of Education under section
 13 2222 of the New National Defense Education Act),
 14 special education, teaching English language learn-
 15 ers, or any other subject identified as a high-need
 16 subject by the Secretary of Education for purposes
 17 of this section.

18 “(c) LIMITATION ON TOTAL REMUNERATION TAKEN
 19 INTO ACCOUNT.—In the case of any individual whose em-
 20 ployment is described in subsections (a) and (b)(1), the
 21 total amount of remuneration which may be taken into
 22 account with respect to such employment under this sec-
 23 tion for the taxable year shall not exceed \$25,000.

24 “(d) HIGH-NEED SCHOOL.—For purposes of this
 25 section, the term ‘high-need school’ means a public ele-

1 elementary school or secondary school that is eligible for as-
 2 sistance under section 1114(a) of the Elementary and Sec-
 3 ondary Education Act of 1965 (20 U.S.C. 6314(a)).”.

4 (b) CLERICAL AMENDMENT.—The table of sections
 5 of such part is amended by inserting after the item relat-
 6 ing to section 139A the following new item:

“Sec. 139B. Compensation of certain teachers and principals.”.

7 (c) EFFECTIVE DATE.—The amendments made by
 8 this section shall apply to remuneration received in taxable
 9 years beginning after the date of the enactment of this
 10 Act.

11 **SEC. 2125. MATHEMATICS AND SCIENCE EDUCATION PART-**
 12 **NERSHIPS AND TEACHER INSTITUTES FOR**
 13 **THE 21ST CENTURY THROUGH THE NA-**
 14 **TIONAL SCIENCE FOUNDATION.**

15 (a) AUTHORIZATION OF APPROPRIATIONS.—

16 (1) SENSE OF THE SENATE.—It is the sense of
 17 the Senate that—

18 (A) the activities of the mathematics and
 19 science education partnerships of the National
 20 Science Foundation, described in section 9 of
 21 the National Science Foundation Authorization
 22 Act of 2002, meet a distinct need separate from
 23 other Federal investments in improving science,
 24 technology, engineering, and mathematics edu-
 25 cation;

1 (B) funding for the mathematics and
2 science education partnerships for fiscal year
3 2007 should be increased to the \$400,000,000
4 level authorized for fiscal year 2005 under sec-
5 tion 5 of such Act, and increased by 10 percent
6 annually for each of the fiscal years 2008
7 through 2011; and

8 (C) the increase in funding for the mathe-
9 matics and science education partnerships
10 should be in addition to any other amounts au-
11 thorized or appropriated for the National
12 Science Foundation.

13 (2) AUTHORIZATION OF APPROPRIATIONS FOR
14 NSF MATHEMATICS AND SCIENCE EDUCATION PART-
15 NERSHIPS.—There is authorized to be appropriated
16 to the National Science Foundation for education
17 and human resources to carry out the mathematics
18 and science education partnerships described in sec-
19 tion 9 of the National Science Foundation Author-
20 ization Act of 2002, in addition to the amounts au-
21 thorized under section 2214(b), amounts as follows:

22 (A) For fiscal year 2007, \$400,000,000, of
23 which \$50,000,000 shall be for the teacher in-
24 stitutes for the 21st century under section

1 9(a)(3)(B) of the National Science Foundation
2 Authorization Act of 2002.

3 (B) For fiscal year 2008, \$440,000,000, of
4 which \$60,000,000 shall be for the teacher in-
5 stitutes for the 21st century under such section.

6 (C) For fiscal year 2009, \$484,000,000, of
7 which \$70,000,000 shall be for the teacher in-
8 stitutes for the 21st century under such section.

9 (D) For fiscal year 2010, \$532,400,000, of
10 which 80,000,000 shall be for the teacher insti-
11 tutes for the 21st century under such section.

12 (E) For fiscal year 2011, \$585,640,000, of
13 which \$90,000,000 shall be for the teacher in-
14 stitutes for the 21st century under such section.

15 (b) TEACHER INSTITUTES FOR THE 21ST CEN-
16 TURY.—Section 9(a) of the National Science Foundation
17 Authorization Act of 2002 (42 U.S.C. 1862n(a)) is
18 amended—

19 (1) in paragraph (3)(B), by striking “summer
20 or” and inserting “teacher institutes for the 21st
21 century, as described in paragraph (7)”;

22 (2) by redesignating paragraph (7) as para-
23 graph (8); and

24 (3) by inserting after paragraph (6) the fol-
25 lowing:

1 “(7) TEACHER INSTITUTES FOR THE 21ST CEN-
2 TURY.—

3 “(A) IN GENERAL.—Teacher institutes for
4 the 21st century carried out in accordance with
5 paragraph (3)(B) shall—

6 “(i) be carried out in conjunction with
7 a school served by the local educational
8 agency in the partnership;

9 “(ii) be science, mathematics, engi-
10 neering, and technology focused institutes
11 that provide professional development to
12 elementary school and secondary school
13 teachers during the summer;

14 “(iii) serve teachers who are consid-
15 ered highly qualified (as defined in section
16 9101 of the Elementary and Secondary
17 Education Act of 1965), teach high-need
18 subjects, and teach in high-need schools
19 (as defined in section 1114(a) of the Ele-
20 mentary and Secondary Education Act of
21 1965);

22 “(iv) focus on the theme and struc-
23 ture developed by the Director under sub-
24 paragraph (C);

1 “(v) be content-based and build on
2 school year curricula that are object-cen-
3 tered, experiment-oriented, content-based,
4 and grounded in current research;

5 “(vi) ensure that any pedagogy com-
6 ponent is designed around specific strate-
7 gies that are relevant to teaching the sub-
8 ject and content on which teachers are
9 being trained, which may include training
10 teachers in the essential components of ad-
11 olescent literacy instruction in order to im-
12 prove student reading skills within the sub-
13 ject areas of mathematics, science, and en-
14 gineering and technology education (as de-
15 fined in section 9101 of the Elementary
16 and Secondary Education Act of 1965);

17 “(vii) be a multiyear program that is
18 conducted for a period of not less than 2
19 weeks per year;

20 “(viii) provide for direct interaction
21 between students and faculty of the teach-
22 er institute;

23 “(ix) have a component that includes
24 the use of the Internet;

1 “(x) provide for followup training in
2 the classroom during the academic year for
3 a period of not less than 3 days, which
4 may or may not be consecutive, for partici-
5 pants in the teacher institute, except that
6 for teachers in rural local educational
7 agencies, the followup training may be pro-
8 vided through the Internet;

9 “(xi) provide teachers participating in
10 the teacher institute with travel expense
11 reimbursement, stipends, and classroom
12 materials related to the teacher institute;
13 and

14 “(xii) establish a mechanism to pro-
15 vide supplemental support during the aca-
16 demic year for teacher institute partici-
17 pants.

18 “(B) OPTIONAL MEMBERS OF THE PART-
19 NERSHIP.—In addition to the partnership re-
20 quirement under paragraph (2), an institution
21 of higher education or eligible nonprofit organi-
22 zation (or consortia) desiring a grant for a
23 teacher institute for the 21st century may also
24 partner with a museum or educational partner-
25 ship organization.

1 “(C) THEME AND STRUCTURE.—Each
 2 year, not later than 180 days before the appli-
 3 cation deadline for a grant under this section,
 4 the Director shall, in consultation with a broad
 5 group of professional education organizations,
 6 develop a theme and structure for the teacher
 7 institutes of the 21st century supported under
 8 paragraph (3)(B).”.

9 **SEC. 2126. TEACH GRANTS; RECRUITING TEACHERS WITH**
 10 **MATHEMATICS, SCIENCE, ENGINEERING,**
 11 **TECHNOLOGY, OR LANGUAGE MAJORS.**

12 (a) TEACH GRANTS.—Title II of the Higher Edu-
 13 cation Act of 1965 (20 U.S.C. 1021 et seq.) is amended
 14 by adding at the end the following:

15 **“PART C—TEACH GRANTS**

16 **“SEC. 231. PURPOSES.**

17 “The purposes of this part are—

18 “(1) to improve student academic achievement;

19 “(2) to help recruit and prepare teachers to
 20 meet the national demand for a highly qualified
 21 teacher in every classroom; and

22 “(3) to increase opportunities for Americans of
 23 all educational, ethnic, class, and geographic back-
 24 grounds to become highly qualified teachers.

1 **“SEC. 232. PROGRAM ESTABLISHED.**

2 “(a) PROGRAM AUTHORITY.—

3 “(1) PAYMENTS REQUIRED.—For each of the
4 fiscal years 2007 through 2014, the Secretary shall
5 pay to each eligible institution of higher education
6 such sums as may be necessary to pay to each eligi-
7 ble student (defined in accordance with section 484)
8 who files an application and agreement in accord-
9 ance with section 233, and qualifies under sub-
10 section (a)(2) of such section, a TEACH Grant in
11 the amount of \$7,000 for each academic year during
12 which that student is in attendance at an institution
13 of higher education.

14 “(2) REFERENCE.—Grants made under this
15 part shall be known as ‘Teacher Education Assist-
16 ance for College and Higher Education Grants’ or
17 ‘TEACH Grants’.

18 “(b) PAYMENT METHODOLOGY.—

19 “(1) PREPAYMENT.—Not less than 85 percent
20 of such sums shall be advanced to eligible institu-
21 tions prior to the start of each payment period and
22 shall be based upon an amount requested by the in-
23 stitution as needed to pay eligible students until
24 such time as the Secretary determines and publishes
25 in the Federal Register with an opportunity for com-
26 ment, an alternative payment system that provides

1 payments to institutions in an accurate and timely
2 manner, except that this sentence shall not be con-
3 strued to limit the authority of the Secretary to
4 place an institution on a reimbursement system of
5 payment.

6 “(2) DIRECT PAYMENT.—Nothing in this sec-
7 tion shall be interpreted to prohibit the Secretary
8 from paying directly to students, in advance of the
9 beginning of the academic term, an amount for
10 which they are eligible, in cases where the eligible in-
11 stitution elects not to participate in the disburse-
12 ment system required by paragraph (1).

13 “(3) DISTRIBUTION OF GRANTS TO STU-
14 DENTS.—Payments under this part shall be made, in
15 accordance with regulations promulgated by the Sec-
16 retary for such purpose, in such manner as will best
17 accomplish the purposes of this part. Any disburse-
18 ment allowed to be made by crediting the student’s
19 account shall be limited to tuition and fees and, in
20 the case of institutionally owned housing, room and
21 board. The student may elect to have the institution
22 provide other such goods and services by crediting
23 the student’s account.

24 “(c) REDUCTIONS IN AMOUNT.—

1 “(1) PART-TIME STUDENTS.—In any case
2 where a student attends an institution of higher edu-
3 cation on less than a full-time basis (including a stu-
4 dent who attends an institution of higher education
5 on less than a half-time basis) during any academic
6 year, the amount of the TEACH Grant for which
7 that student is eligible shall be reduced in proportion
8 to the degree to which that student is not so attend-
9 ing on a full-time basis, in accordance with a sched-
10 ule of reductions established by the Secretary for the
11 purpose of this part, computed in accordance with
12 this part. Such schedule of reductions shall be estab-
13 lished by regulation and published in the Federal
14 Register in accordance with section 482 of this Act.

15 “(2) NO EXCEEDING COST OF ATTENDANCE.—
16 No TEACH Grant for a student under this part
17 shall exceed the cost of attendance (as defined in
18 section 472) at the institution that such student at-
19 tends. If, with respect to any student, it is deter-
20 mined that the amount of a TEACH Grant exceeds
21 the cost of attendance for that year, the amount of
22 the TEACH Grant shall be reduced until the
23 TEACH Grant does not exceed the cost of attend-
24 ance at such institution.

25 “(d) PERIOD OF ELIGIBILITY FOR GRANTS.—

1 “(1) UNDERGRADUATE STUDENTS.—The period
2 during which an undergraduate student may receive
3 TEACH Grants shall be the period required for the
4 completion of the first undergraduate baccalaureate
5 course of study being pursued by the student at the
6 institution that the student attends, except that—

7 “(A) any period during which the student
8 is enrolled in a noncredit or remedial course of
9 study, subject to paragraph (3), shall not be
10 counted for the purpose of this paragraph; and

11 “(B) the total amount that a student may
12 receive under this part for undergraduate study
13 shall not exceed \$28,000.

14 “(2) GRADUATE STUDENTS.—The period dur-
15 ing which a graduate student pursuing a master’s
16 degree or doctoral degree may receive TEACH
17 Grants shall be the period required for the comple-
18 tion of a course of study for the degree at the insti-
19 tution the student attends, except that the total
20 amount that a student may receive under this part
21 for graduate study shall not exceed \$14,000 for a
22 student pursuing a master’s degree or \$28,000 for
23 a student pursuing a doctoral degree.

24 “(3) REMEDIAL COURSE; STUDY ABROAD.—
25 Nothing in this section shall exclude from eligibility

1 a course of study that is noncredit or remedial in
 2 nature (including a course in English language ac-
 3 quisition) if such course is determined by the institu-
 4 tion to be necessary to help the student be prepared
 5 for the pursuit of a first undergraduate baccalaureate
 6 degree or certificate or, in the case of
 7 courses in English language instruction, to be necessary
 8 to enable the student to utilize existing
 9 knowledge, training, or skills. Nothing in this section
 10 shall exclude from eligibility a program of study
 11 abroad that is approved for credit by the home institution
 12 at which the student is enrolled.

13 **“SEC. 233. ELIGIBILITY AND APPLICATIONS FOR GRANTS.**

14 “(a) APPLICATIONS; DEMONSTRATION OF ELIGI-
 15 BILITY.—

16 “(1) FILING REQUIRED.—The Secretary shall
 17 from time to time set dates by which students shall
 18 file applications for TEACH Grants under this part.
 19 Each student desiring a TEACH Grant for any year
 20 shall file an application therefore containing such in-
 21 formation and assurances as the Secretary may
 22 deem necessary to enable the Secretary to carry out
 23 the functions and responsibilities of this part.

1 “(2) DEMONSTRATION OF ELIGIBILITY.—Each
2 such application shall contain such information as is
3 necessary to demonstrate that—

4 “(A) if the applicant is an enrolled stu-
5 dent—

6 “(i) the student is an eligible student
7 for purposes of section 484 (other than
8 subsection (r) of such section);

9 “(ii) the student—

10 “(I) has a grade point average
11 that is determined, under standards
12 prescribed by the Secretary, to be
13 comparable to a 3.25 average on a
14 zero to 4.0 scale, except that, if the
15 student is in the first year of a pro-
16 gram of undergraduate education,
17 such grade point average shall be de-
18 termined on the basis of the student’s
19 cumulative secondary school grade
20 point average; or

21 “(II) displayed high academic ap-
22 titude by receiving a score above the
23 75th percentile on at least 1 of the
24 batteries in an undergraduate or
25 graduate school admissions test; and

1 “(iii) the student is completing
2 coursework and other requirements nec-
3 essary to begin a career in teaching, or
4 plans to complete such coursework and re-
5 quirements prior to graduating; or

6 “(B) if the applicant is a current or pro-
7 spective teacher applying for a grant to obtain
8 a graduate degree—

9 “(i) the applicant is a teacher or a re-
10 tiree from another occupation with exper-
11 tise in a field in which there is a shortage
12 of teachers, such as mathematics, science,
13 engineering and technology education, a
14 critical-need foreign language (as deter-
15 mined by the Secretary under section 2222
16 of the New National Defense Education
17 Act), special education, English language
18 acquisition, or another high-need subject;
19 or

20 “(ii) the applicant is or was a teacher
21 who is using high-quality alternative cer-
22 tification routes, such as Teach for Amer-
23 ica, to get certified.

1 “(b) AGREEMENTS TO SERVE.—Each application
2 under subsection (a) shall contain or be accompanied by
3 an agreement by the applicant that—

4 “(1) the applicant will—

5 “(A) serve as a full-time teacher for a total
6 of not less than 4 academic years within 8
7 years after completing the course of study for
8 which the applicant receives a TEACH Grant
9 under this part;

10 “(B) teach—

11 “(i) in a school eligible for assistance
12 under section 1114(a) of the Elementary
13 and Secondary Education Act of 1965; and

14 “(ii) in any of the following fields:
15 mathematics, science, engineering and
16 technology education, a critical-need for-
17 eign language (as determined by the Sec-
18 retary under section 2222 of the New Na-
19 tional Defense Education Act), bilingual
20 education, or special education, or as a
21 reading specialist, or another field docu-
22 mented as high-need by the Federal Gov-
23 ernment, State government, or local edu-
24 cational agency and submitted to the Sec-
25 retary;

1 “(C) submit evidence of such employment
 2 in the form of a certification by the chief ad-
 3 ministrative officer of the school upon comple-
 4 tion of each year of such service; and

5 “(D) comply with the requirements for
 6 being a highly qualified teacher as defined in
 7 section 9101 of the Elementary and Secondary
 8 Education Act of 1965 or, in the case of a spe-
 9 cial education teacher, in section 602 of the In-
 10 dividuals With Disabilities Education Act; and

11 “(2) in the event that the applicant is deter-
 12 mined to have failed or refused to carry out such
 13 service obligation, the sum of the amounts of such
 14 TEACH Grants will be treated as a loan and col-
 15 lected from the applicant in accordance with sub-
 16 section (c) and the regulations thereunder.

17 “(c) REPAYMENT FOR FAILURE TO COMPLETE
 18 SERVICE.—In the event that any recipient of a TEACH
 19 Grant fails or refuses to comply with the service obligation
 20 in the agreement under subsection (b), the sum of the
 21 amounts of such TEACH Grants provided to such recipi-
 22 ent shall be treated as a Direct Loan under part D of
 23 title IV, and shall be subject to repayment in accordance
 24 with terms and conditions specified by the Secretary in
 25 regulations promulgated to carry out this part.

1 **“SEC. 234. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to carry out
3 this part \$600,000,000 for fiscal year 2007 and such sums
4 as may be necessary for each of the 4 succeeding fiscal
5 years.

6 **“PART D—RECRUITING TEACHERS WITH MATHE-**
7 **MATICS, SCIENCE, ENGINEERING, TECH-**
8 **NOLOGY, OR LANGUAGE MAJORS**

9 **“SEC. 241. PROGRAM AUTHORIZED.**

10 “(a) DEFINITION OF HIGH-NEED SCHOOL.—In this
11 section, the term ‘high-need school’ means a school de-
12 scribed in section 1114(a) of the Elementary and Sec-
13 ondary Education Act of 1965.

14 “(b) GRANTS AUTHORIZED.—

15 “(1) IN GENERAL.—From the amounts appro-
16 priated under section 242, the Secretary shall make
17 competitive grants to institutions of higher education
18 to improve the availability and recruitment of teach-
19 ers from among students majoring in mathematics,
20 science, engineering, technology, a critical-need for-
21 eign language (as determined by the Secretary under
22 section 2222 of the New National Defense Edu-
23 cation Act), special education, or teaching the
24 English language to students with limited English
25 proficiency.

1 “(2) PRIORITY.—In awarding grants under
2 paragraph (1), the Secretary shall give priority to
3 institutions of higher education offering programs
4 that—

5 “(A) focus on preparing teachers in sub-
6 jects in which there is a shortage of highly
7 qualified teachers and increasing the number of
8 teachers from minority or underrepresented
9 groups; and

10 “(B) prepare students to teach in high-
11 need schools.

12 “(c) APPLICATION.—Any institution of higher edu-
13 cation desiring to obtain a grant under this section shall
14 submit to the Secretary an application at such time, in
15 such form, and containing such information and assur-
16 ances as the Secretary may require, which shall—

17 “(1) include reporting on baseline production of
18 teachers—

19 “(A) with expertise in mathematics,
20 science, a critical-need foreign language, special
21 education, or teaching students with limited
22 English proficiency;

23 “(B) from minorities or underrepresented
24 groups; and

1 “(C) who teach for 5 years or more in a
2 high-need school; and

3 “(2) establish a goal and timeline for increasing
4 the number of teachers described in each subpara-
5 graph of paragraph (1) who are prepared for teach-
6 ing by the institution.

7 “(d) GRANT AWARD AMOUNTS.—In determining the
8 amount of a grant award under this section to an institu-
9 tion of higher education, the Secretary shall consider—

10 “(1) the extent to which the institution—

11 “(A) focuses on preparing teachers in sub-
12 jects in which there is a shortage of highly
13 qualified teachers and increasing the number of
14 teachers from minority or underrepresented
15 groups; and

16 “(B) prepares students to teach in high-
17 need schools; and

18 “(2) in the case of an institution that has pre-
19 viously received a grant under this section, the
20 progress made by the institution in increasing the
21 number of teachers described in subsection (c)(1), as
22 compared to the baseline production of such teachers
23 reported in the institution’s initial application.

24 “(e) USE OF FUNDS.—Funds made available by a
25 grant under this section—

1 “(1) shall be used to create new recruitment in-
2 centives to teaching for students from other majors,
3 with an emphasis on high-need subjects such as
4 mathematics, science, engineering and technology
5 education, a critical-need foreign language, special
6 education, and teaching the English language to stu-
7 dents with limited English proficiency and other
8 subjects identified as high-need by the Federal Gov-
9 ernment, State government, or local educational
10 agency;

11 “(2) may be used to upgrade the curriculum in
12 order to provide all students studying to become
13 teachers with high-quality instructional strategies for
14 teaching reading and teaching the English language
15 to students with limited English proficiency, and for
16 modifying instruction to teach students with special
17 needs;

18 “(3) may be used to integrate school of edu-
19 cation faculty with other arts and science faculty in
20 mathematics, science, engineering, technology, a crit-
21 ical-need foreign language, or teaching the English
22 language to students with limited English pro-
23 ficiency, through steps such as—

1 “(A) dual appointments for faculty be-
2 tween schools of education and schools of arts
3 and science or engineering; and

4 “(B) integrating coursework with clinical
5 experience;

6 “(4) may be used to develop strategic plans be-
7 tween schools of education and local educational
8 agencies to better prepare teachers for high-need
9 schools, including the creation of professional devel-
10 opment partnerships for training new teachers in
11 state-of-the-art practice;

12 “(5) may be used to create pilot programs to
13 foster collaborations at the institution of higher edu-
14 cation between a school of science, mathematics, or
15 engineering, or a foreign language department or
16 language center, and a school of education in order
17 to enable the collaborating entities to develop a 4-
18 year program of study that would combine a bacca-
19 laureate degree in mathematics, science, engineering,
20 or technology with concurrent teacher certification
21 or licensure; and

22 “(6) may be used to develop and implement a
23 master’s degree program for current mathematics,
24 science, or engineering and technology education
25 teachers that—

1 “(A) will strengthen the participating
2 teachers’ subject area knowledge and peda-
3 gogical skills; and

4 “(B) shall be designed to allow a teacher
5 to enroll in the program on a part-time basis
6 and obtain a master’s degree within a 2-year
7 period.

8 “(f) REPORTS.—For each year that an institution of
9 higher education receives a grant under this section, the
10 institution of higher education shall prepare and submit
11 to the Secretary an annual report documenting the base-
12 line data regarding the teachers described in subsection
13 (c)(1) and the progress made toward increasing the num-
14 ber of such teachers, as described in subsection (c)(2).

15 **“SEC. 242. AUTHORIZATION OF APPROPRIATIONS.**

16 “‘There are authorized to be appropriated to carry out
17 this part \$500,000,000 for fiscal year 2007 and such sums
18 as may be necessary for each of the 4 succeeding fiscal
19 years.’”.

20 (b) PART A AUTHORIZATION.—Section 210 of the
21 Higher Education Act of 1965 (20 U.S.C. 1030) is
22 amended by striking “\$300,000,000 for fiscal year 1999”
23 and inserting “\$400,000,000 for fiscal year 2007”.

1 **CHAPTER 3—ENSURING COLLEGE ACCESS**
2 **FOR ALL**

3 **SEC. 2131. CONTRACT FOR EDUCATIONAL OPPORTUNITY**
4 **(CEO) GRANTS.**

5 (a) DEFINITIONS.—In this section:

6 (1) COHORT.—The term “cohort” means a
7 group of students in a State who are in the same
8 grade for an identified school year.

9 (2) EXPECTED FAMILY CONTRIBUTION.—The
10 term “expected family contribution”, with respect to
11 a student, means the student’s expected family con-
12 tribution as determined in accordance with part F of
13 the Higher Education Act of 1965 (20 U.S.C.
14 1087kk et seq.).

15 (3) UNMET NEED.—The term “unmet need”,
16 with respect to a student, means the difference be-
17 tween the cost of attendance (as defined in section
18 472 of the Higher Education Act of 1965 (20
19 U.S.C. 108711) to attend an institution of higher
20 education for an academic year and the resources
21 available to the student for such academic year, in-
22 cluding Federal, State, and institutional financial as-
23 sistance and the student’s expected family contribu-
24 tion.

25 (b) PURPOSES.—The purposes of this section are—

1 (1) to encourage States to provide a financial
2 aid guarantee for low-income students;

3 (2) to increase student academic performance
4 and achievement;

5 (3) to increase public school secondary school
6 graduation rates as well as enrollment, persistence,
7 and graduation rates in public and private institu-
8 tions of higher education, especially among low-in-
9 come and underrepresented minority students; and

10 (4) to improve the overall quality and supply of
11 a State's workforce.

12 (c) PAYMENTS TO STATES AUTHORIZED.—

13 (1) IN GENERAL.—The Secretary shall pay to
14 States the Federal share, as determined under sub-
15 section (e), in order to assist the States in awarding
16 contract for educational opportunity grants (referred
17 to in this section as “CEO grants”), under sub-
18 section (g) to students in a cohort who sign a con-
19 tract for educational opportunity in grade 8 and sat-
20 isfy the requirements of the contract. A CEO grant
21 shall provide each such student with a need-based fi-
22 nancial aid guarantee, in an amount equal to the
23 student's calculated unmet need to attend a 2- or 4-
24 year degree-granting public institution of higher
25 education in the State, to enable the student to at-

1 tend a 2- or 4-year degree-granting public or private
2 institution of higher education in the State.

3 (2) MANDATORY SPENDING.—This subsection
4 constitutes budget authority in advance of appro-
5 priations Acts and represents the obligation of the
6 Secretary to provide for the payment of amounts
7 provided under this subsection.

8 (d) APPLICATION.—

9 (1) IN GENERAL.—A State desiring a payment
10 under subsection (c) shall submit, through the State
11 agency identified in the application, to the Secretary
12 an application at such time, in such manner, and
13 containing such information as the Secretary may
14 require.

15 (2) APPLICATION.—An application submitted
16 under paragraph (1) shall include the following:

17 (A) A description of how the State will es-
18 tablish a State benchmark for increasing the
19 overall public school secondary school gradua-
20 tion rate and the enrollment, persistence, and
21 graduation rates at the State's 2- and 4-year
22 degree-granting public and private institutions
23 of higher education, as well as a description of
24 strategies and activities the State will employ to

1 achieve the State's set goals as reflected in the
2 benchmark.

3 (B) The identification of the State agency
4 that will administer the CEO grants program,
5 and a description of the State agency's capacity
6 to administer such program.

7 (C) A description of the entities that will
8 contribute funds for the non-Federal share of
9 the CEO grants program.

10 (D) A description of the State's academic
11 and nonacademic components of the contract
12 for educational opportunity, including 100
13 hours of community service, and how the State
14 defines satisfactory academic progress toward
15 completing coursework that leads to a sec-
16 ondary school diploma.

17 (E) A description of how the State agency
18 will provide access for all students to a State
19 curriculum that prepares the students to enter
20 into credit-bearing coursework in higher edu-
21 cation without the need for remediation, the
22 21st century workforce, or the Armed Forces.

23 (F) A description of how the State agency
24 will notify students in grade 7 of their eligibility
25 to participate in the CEO grants program and

1 earn a CEO grant, as well as how the State will
2 specifically target students from low-income and
3 underrepresented minority families.

4 (G) A description of how the State agency
5 will regularly communicate with a cohort from
6 the time the students sign the contract for edu-
7 cational opportunity through the period that the
8 students are eligible for CEO grants.

9 (H) An assurance that the State will
10 award a CEO grant, in the amount of the stu-
11 dent's calculated unmet need to attend a 2- or
12 4-year degree-granting public institution of
13 higher education in the State, to each student
14 who successfully meets the requirements of the
15 contract for educational opportunity.

16 (I) An assurance that decisions regarding
17 the State's higher education budget shall not
18 lead to increases in tuition and fees at public 2-
19 or 4-year degree-granting institutions of higher
20 education that are greater than the Consumer
21 Price Index.

22 (J) An assurance that the State shall
23 maintain current levels of investment in State
24 student aid programs in addition to providing

1 the non-Federal share required under sub-
2 section (e)(4).

3 (e) PAYMENTS; USE OF FUNDS.—

4 (1) IN GENERAL.—The Secretary shall pay the
5 Federal share of the CEO grants program, in the
6 amount described in paragraph (4), to each State
7 that submits a complete application pursuant to sub-
8 section (d).

9 (2) USE OF FUNDS.—The Federal share and
10 non-Federal share described in paragraph (4) shall
11 be used exclusively for awarding financial aid grants
12 to cover the unmet need for all students in a cohort
13 who have successfully met the components of the
14 State’s contract, except that a State may use not
15 more than 2 percent of such funds for administra-
16 tive purposes.

17 (3) SUBSEQUENT PAYMENTS.—

18 (A) IN GENERAL.—The Secretary shall
19 make subsequent annual payments for future
20 cohorts to States, in accordance with paragraph
21 (4), that receive a payment under this section
22 and that are not determined to be ineligible
23 under subparagraph (B).

24 (B) INELIGIBILITY.—

1 (i) IN GENERAL.—Except as provided
2 in clause (ii), the Secretary shall determine
3 a State to be temporarily ineligible to re-
4 ceive a payment under subparagraph (A)
5 if—

6 (I) the State fails to submit an
7 annual report pursuant to subsection
8 (h); or

9 (II) the Secretary determines,
10 based on information submitted in the
11 annual report submitted under sub-
12 section (h), that—

13 (aa) the State is not effec-
14 tively meeting the terms and
15 goals of the application; or

16 (bb) that the State is not
17 making satisfactory progress to-
18 ward the benchmark set forth in
19 subsection (d)(2)(A).

20 (ii) INELIGIBILITY NOT TO AFFECT
21 CERTAIN COHORTS.—A determination of
22 ineligibility to receive subsequent payments
23 for future cohorts under clause (i) with re-
24 spect to a State shall not apply to pay-
25 ments for students in a cohort in the State

1 who are in grade 8, 9, 10, 11, or 12 at the
2 time of the determination.

3 (iii) REINSTATEMENT.—If the Sec-
4 retary determines a State is ineligible
5 under clause (i), the Secretary may enter
6 into an agreement with the State setting
7 forth the terms and conditions under which
8 the State may regain eligibility to receive
9 payments under this section.

10 (4) MATCHING REQUIREMENT.—The amount of
11 the Federal share under this section for an academic
12 year shall be equal to the amount of the non-Federal
13 share provided by the State for such year. The sum
14 of the Federal share and the non-Federal share for
15 an academic year shall be an amount equal to the
16 total unmet need, for the academic year, to attend
17 a 2- or 4-year degree-granting public institution of
18 higher education in the State, for all students in an
19 identified cohort that complete all eligibility require-
20 ments of a contract for educational opportunity.

21 (f) REALLOTMENT OR REDISTRIBUTION OF
22 FUNDS.—If funds remain for a cohort for 6 years after
23 the cohort has graduated from secondary school, the State
24 shall return excess Federal funds to the Secretary. Any

1 returned excess funds shall be used by the Secretary to
2 carry out the program under this section.

3 (g) CEO GRANTS.—

4 (1) IN GENERAL.—A State receiving a payment
5 under subsection (c) for a cohort shall provide, in
6 the amount determined under paragraph (3), a CEO
7 grant to each student in the cohort who—

8 (A) successfully completes the require-
9 ments of the contract for educational oppor-
10 tunity; and

11 (B) enrolls in a 2- or 4-year degree-grant-
12 ing institution of higher education in the State
13 not later than 2 years after receiving a sec-
14 ondary school diploma.

15 (2) CONTRACTS FOR EDUCATIONAL OPPOR-
16 TUNITY.—

17 (A) IN GENERAL.—A student who is in a
18 cohort for which a State is eligible for payments
19 under subsection (c) and who desires to receive
20 a CEO grant shall sign a contract for edu-
21 cational opportunity when the student begins
22 grade 8 stating that the student will carry out
23 all of the following by the time the student
24 graduates from secondary school:

1 (i) Receive a secondary school di-
2 ploma.

3 (ii) By the beginning of grade 11 (ex-
4 cept as provided in subparagraph (B)),
5 demonstrate satisfactory academic progress
6 (as determined by the State agency) to-
7 ward completing coursework that leads to
8 a secondary school diploma.

9 (iii) Complete the academic compo-
10 nents of the State contract for educational
11 opportunity, as determined by the State
12 agency.

13 (iv) Complete the nonacademic por-
14 tion of the State contract for educational
15 opportunity (as determined by the State
16 agency), including 100 hours of community
17 service, of which at least 50 hours of com-
18 munity service shall be completed before
19 the student begins grade 11 (except as
20 provided in subparagraph (B)).

21 (v) Apply for admission to a 2- or 4-
22 year degree-granting institution of higher
23 education in the State.

24 (vi) Preceding the date that the stu-
25 dent intends to enroll in an institution of

1 higher education, file for Federal financial
2 aid.

3 (B) SPECIAL CIRCUMSTANCES.—

4 (i) TRANSITION.—During the aca-
5 demic year following the date of enactment
6 of this Act, in the case of students in a co-
7 hort who are in grade 9, 10, 11, or 12 for
8 such academic year, the students of such
9 cohort shall be eligible for CEO grants if
10 such students sign the contract for edu-
11 cational opportunity during the academic
12 year and otherwise complete all of the eli-
13 gibility requirements for the contract for
14 educational opportunity under subpara-
15 graph (A) as applicable and by such time
16 as determined by the State and approved
17 by the Secretary.

18 (ii) STUDENTS WHO MOVE INTO THE
19 STATE.—In the case of a student who
20 moves into a State after the student begins
21 grade 8, such student shall be eligible for
22 a CEO grant from such State if such stu-
23 dent signs the contract for educational op-
24 portunity at the time the student moves
25 into the State and the student otherwise

1 completes all of the eligibility requirements
2 for the contract for educational oppor-
3 tunity under subparagraph (A), as applica-
4 ble and by such time as determined by the
5 State and approved by the Secretary.

6 (3) AMOUNT OF CEO GRANTS.—

7 (A) IN GENERAL.—A CEO grant for an
8 academic year shall be in an amount equal to
9 the student's calculated unmet need to attend a
10 2- or 4-year degree-granting public institution
11 of higher education in the State for such year.

12 (B) PRIVATE INSTITUTIONS.—A CEO
13 grant for a student who elects to enroll in a pri-
14 vate 2- or 4-year degree-granting public institu-
15 tion of higher education in the State shall be in
16 the amount described in subparagraph (A).

17 (4) MULTIPLE GRANTS.—

18 (A) IN GENERAL.—A State shall award a
19 CEO grant to a student who meets the require-
20 ments of this section for each academic year
21 that the student attends a 2- or 4-year degree-
22 granting institution of higher education in the
23 State.

24 (B) MAXIMUM NUMBER OF GRANTS.—Dur-
25 ing the 6-year period beginning on the date of

1 receipt of a CEO grant under this subsection,
2 a student who meets the requirements of this
3 subsection shall be eligible to receive a CEO
4 grant for each year that the student is enrolled
5 in a 2- or 4-year degree-granting institution of
6 higher education in the State, except that no
7 student shall receive a total of more than 4
8 CEO grants.

9 (5) INELIGIBILITY.—A student who otherwise
10 meets the requirements for a CEO grant shall be in-
11 eligible if the student fails to maintain an acceptable
12 level of academic standing, as determined by the in-
13 stitution of higher education that the student at-
14 tends, or is dismissed from the institution of higher
15 education for disciplinary reasons.

16 (h) EVALUATION AND REPORT.—A State receiving a
17 payment under subsection (c) for a cohort shall prepare
18 and submit an annual report to the Secretary on the suc-
19 cess of the cohort. The State report shall include the fol-
20 lowing:

21 (1) The following information relating to the
22 students in the cohort who sign a contract for edu-
23 cational opportunity, as applicable:

24 (A) The participation and completion rates
25 in the CEO grants program under this section.

1 (B) The public school secondary school
2 graduation rate and how the rate relates to the
3 established State benchmark described in sub-
4 section (d)(2).

5 (C) The rate of enrollment in public and
6 private institutions of higher education and how
7 the rate relates to the established State bench-
8 mark.

9 (D) The rate of persistence in public and
10 private institutions of higher education and how
11 the rate relates to the established State bench-
12 mark.

13 (E) The rate of graduation from public
14 and private institutions of higher education and
15 how the rate relates to the established State
16 benchmark.

17 (F) Average CEO grant aid per student.

18 (G) A description of, and justification for,
19 any increase in tuition and fees at the public 2-
20 or 4-year degree-granting institutions of higher
21 education in the State.

22 (2) A comparison of the rates described in sub-
23 paragraphs (B) through (E) of paragraph (1) for
24 students in the cohort who sign a contract for edu-
25 cational opportunity to such rates for a representa-

1 tive sample of students in the cohort in the State
 2 who do not sign a contract.

3 **Subtitle B—Arming Americans**
 4 **With 21st Century Knowledge**
 5 **and Skills**

6 **CHAPTER 1—INCREASING THE NUMBER**
 7 **OF NEW AMERICAN SCIENTISTS, ENGI-**
 8 **NEERS, AND LANGUAGE EXPERTS**

9 **SEC. 2211. PURPOSE.**

10 The purpose of this chapter is to increase the number
 11 of low-income and middle-income students who pursue ca-
 12 reers in mathematics, science, technology, engineering,
 13 and critical-need foreign languages.

14 **SEC. 2212. GRANTS FOR STRENGTHENING MATHEMATICS,**
 15 **SCIENCE, AND ENGINEERING AND TECH-**
 16 **NOLOGY EDUCATION INFRASTRUCTURE.**

17 (a) GRANTS FOR STRENGTHENING MATHEMATICS,
 18 SCIENCE, AND ENGINEERING AND TECHNOLOGY EDU-
 19 CATION INFRASTRUCTURE.—Part D of title V of the Ele-
 20 mentary and Secondary Education Act of 1965 (20 U.S.C.
 21 7241 et seq.) is amended by adding at the end the fol-
 22 lowing:

1 **“SUBPART 22—GRANTS FOR STRENGTHENING**
 2 **MATHEMATICS, SCIENCE, AND ENGINEERING**
 3 **AND TECHNOLOGY EDUCATION INFRA-**
 4 **STRUCTURE**

5 **“SEC. 5621. GRANTS FOR STRENGTHENING MATHEMATICS,**
 6 **SCIENCE, AND ENGINEERING AND TECH-**
 7 **NOLOGY EDUCATION INFRASTRUCTURE.**

8 “(a) PURPOSE.—The purpose of this section is to im-
 9 prove mathematics, science, and engineering and tech-
 10 nology education infrastructure in public elementary
 11 schools and secondary schools to facilitate improved edu-
 12 cational opportunities for all students.

13 “(b) DEFINITION OF HIGH-NEED.—In this section,
 14 the term ‘high-need’, when used with respect to a school,
 15 means a public elementary school or secondary school that
 16 is eligible for assistance under section 1114(a) of the Ele-
 17 mentary and Secondary Education Act of 1965.

18 “(c) PROGRAM AUTHORIZED.—From amounts appro-
 19 priated under section 5401(b) for a fiscal year, and sub-
 20 ject to subsection (d), the Secretary, in consultation with
 21 the Director of the National Science Foundation, shall
 22 award grants to local educational agencies to enable the
 23 local educational agencies to carry out the activities de-
 24 scribed in subsection (g).

25 “(d) RESERVATION OF FUNDS.—From amounts ap-
 26 propriated under section 5401(b) for a fiscal year, the Sec-

1 retary shall reserve a total of $\frac{1}{2}$ of 1 percent for the Sec-
 2 retary of the Interior to award grants to elementary
 3 schools and secondary schools operated or funded by the
 4 Bureau of Indian Affairs to enable such elementary
 5 schools and secondary schools to carry out the activities
 6 described in subsection (g).

7 “(e) APPLICATION.—

8 “(1) IN GENERAL.—A local educational agency
 9 desiring a grant under subsection (c) shall submit
 10 an application to the Secretary at such time, in such
 11 manner, and containing such information as the Sec-
 12 retary may reasonably require.

13 “(2) CONTENTS.—The application described in
 14 paragraph (1) shall include the following:

15 “(A) A description of the activities under
 16 subsection (g) for which assistance is sought
 17 and the costs of such activities.

18 “(B) A description of the process through
 19 which the local educational agency identified
 20 the activities described in subparagraph (A).

21 “(C) Clear principles that the local edu-
 22 cational agency used to determine the priority
 23 of qualifying activities under this section that
 24 prioritize the use of quantitative data, such as
 25 student achievement on standardized assess-

1 ments and income data, in order to give priority
2 to projects benefiting high-need schools.

3 “(D) An assurance that the local edu-
4 cational agency will provide a complete and de-
5 tailed accounting of the use of grant funds
6 awarded to the local educational agency under
7 this section.

8 “(E) A description of the evaluation proc-
9 ess that will assess the accomplishments of the
10 program.

11 “(f) APPLICATION APPROVAL.—

12 “(1) DETERMINATION IN CONSULTATION WITH
13 NATIONAL SCIENCE FOUNDATION.—The Secretary
14 shall review each application submitted under sub-
15 section (e) to determine whether the application is
16 sufficient. In making such a determination, the Sec-
17 retary shall consult with the Director of the Na-
18 tional Science Foundation, in part to ensure that the
19 application is coordinated with any preexisting Na-
20 tional Science Foundation initiatives in the State.

21 “(2) DETERMINATION OF INSUFFICIENT APPLI-
22 CATION.—If the Secretary determines that an appli-
23 cation submitted by a local educational agency does
24 not meet the requirements of paragraph (1) or sub-

1 section (e), the Secretary shall provide the local edu-
2 cational agency with—

3 “(A) a written explanation of why the ap-
4 plication did not comply with such require-
5 ments; and

6 “(B) an opportunity to submit an amended
7 application.

8 “(3) PRIORITY.—In awarding grants under this
9 section, the Secretary shall give priority to local edu-
10 cational agencies with a high percentage of high-
11 need schools.

12 “(g) REQUIRED USE OF FUNDS.—A local educational
13 agency that receives a grant under subsection (c) shall use
14 grant funds, in accordance with the application of the local
15 educational agency, to carry out not less than 1 of the
16 following:

17 “(1) The purchase or refurbishment of mathe-
18 matics, science, and engineering and technology edu-
19 cation equipment, including laboratory equipment.

20 “(2) The purchase of instructional materials or
21 curricula with proven effectiveness in improving
22 mathematics, science, and engineering and tech-
23 nology education outcomes, including age-appro-
24 priate reading materials on varying grade levels that
25 provide poor readers with access to mathematics,

1 science, and engineering and technology education
 2 subject matter.

3 “(3) Support for a science, mathematics, or en-
 4 gineering and technology education specialist in each
 5 school who is responsible for—

6 “(A) assisting in the implementation of the
 7 school’s science, mathematics, or engineering
 8 and technology education program;

9 “(B) assisting other teachers in delivering
 10 quality instruction;

11 “(C) assisting in identifying and devel-
 12 oping professional development opportunities
 13 tied to the curriculum; and

14 “(D) providing guidance on curricula,
 15 equipment, and other components necessary for
 16 high-quality instruction.

17 “(4) Any other directly related activity—

18 “(A) identified by the local educational
 19 agency in the application required under sub-
 20 section (e); and

21 “(B) approved by the Secretary, in con-
 22 sultation with the Director of the National
 23 Science Foundation.

24 “(h) REPORT.—

1 “(1) IN GENERAL.—A local educational agency
2 that receives a grant under this section for a fiscal
3 year shall submit, not later than January 31 of the
4 succeeding fiscal year, a report in such form and
5 containing such information as the Secretary deter-
6 mines to be reasonably necessary to evaluate the
7 compliance of the local educational agency with the
8 provisions of this section.

9 “(2) CONTENTS.—The report described in
10 paragraph (1) shall include the following:

11 “(A) A description of the activities carried
12 out with grant funds under this section.

13 “(B) A complete and detailed accounting
14 of the use of funds awarded under this section,
15 including how the local educational agency gave
16 priority to projects benefiting students served
17 by high-need schools.

18 “(C) A description of how the local edu-
19 cational agency assesses the impact of the pro-
20 gram.

21 “(D) A description of how students were
22 served by the projects assisted under this sec-
23 tion, including any expansion of inquiry-based
24 learning opportunities, and an accounting of the
25 approximate number of students so served.

1 “(E) An accounting of student academic
 2 progress made as a result of activities funded
 3 under this section, using previously established
 4 statewide academic achievement assessments in
 5 mathematics and science.

6 “(F) Qualitative testimony from students,
 7 teachers, administrators, or parents on the ef-
 8 fect of activities funded under this section.

9 “(3) PENALTY.—A local educational agency
 10 that receives a grant under this section for a fiscal
 11 year but does not submit the report required under
 12 this subsection shall not be eligible to receive any
 13 subsequent grant funds under this section.”.

14 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
 15 5401 of the Elementary and Secondary Education Act of
 16 1965 (20 U.S.C. 7241) is amended—

17 (1) by striking “this part” and inserting “this
 18 part (excluding subpart 22)”;

19 (2) by striking “There are” and inserting the
 20 following:

21 “(a) GENERAL AUTHORIZATION.—There are”; and

22 (3) by adding at the end the following:

23 “(b) MATHEMATICS, SCIENCE, AND ENGINEERING
 24 AND TECHNOLOGY EDUCATION INFRASTRUCTURE.—
 25 There are authorized to be appropriated to carry out sub-

1 part 22, \$500,000,000 for fiscal year 2007 and such sums
 2 as may be necessary for each of the 4 succeeding fiscal
 3 years.”.

4 (c) TABLE OF CONTENTS.—The table of contents in
 5 section 2 of the Elementary and Secondary Education Act
 6 of 1965 is amended by inserting after the item relating
 7 to section 5618 the following:

“Subpart 22—Grants for Strengthening Mathematics, Science, and
 Engineering and Technology Education Infrastructure

“Sec. 5621. Grants for strengthening mathematics, science, and engineer-
 ing and technology education infrastructure.”.

8 **SEC. 2213. SCIENCE, TECHNOLOGY, ENGINEERING, MATHE-**
 9 **MATICS, AND CRITICAL-NEED FOREIGN LAN-**
 10 **GUAGE SCHOLARS.**

11 (a) DEFINITIONS.—In this section:

12 (1) INSTITUTION OF HIGHER EDUCATION.—The
 13 term “institution of higher education” has the
 14 meaning given the term in section 101(a) of the
 15 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

16 (2) SECRETARY.—The term “Secretary” means
 17 the Secretary of Education.

18 (b) PROGRAM AUTHORIZED.—From amounts appro-
 19 priated under subsection (j) for a fiscal year, the Secretary
 20 shall carry out a program to award grants, on a competi-
 21 tive basis, to institutions of higher education (or consortia
 22 of such institutions) to enable the institutions of higher
 23 education (or consortia) to provide scholarships to make

1 higher education tuition free for low-income and middle-
2 income undergraduate and graduate students who are en-
3 rolled at the institutions of higher education to earn de-
4 grees in science, technology, engineering, mathematics,
5 and critical-need foreign languages (as determined by the
6 Secretary under section 2222).

7 (c) APPLICATION.—An institution of higher edu-
8 cation or a consortium seeking a grant under this section
9 shall submit an application to the Secretary at such time,
10 in such manner, and containing such information as the
11 Secretary may require.

12 (d) AWARD BASIS.—In awarding grants under this
13 section, the Secretary shall give special consideration to
14 programs that—

15 (1) are a central organizational focus of the in-
16 stitution of higher education or consortium;

17 (2) enable scholarship recipients to become suc-
18 cessful members of the science, technology, engineer-
19 ing, mathematics, and critical-need foreign language
20 21st century workforce; and

21 (3) recruit undergraduate and graduate stu-
22 dents, especially female and underrepresented minor-
23 ity students, who would otherwise not pursue careers
24 in science, technology, engineering, mathematics, or
25 a critical-need foreign language.

1 (e) USE OF FUNDS.—An institution of higher edu-
2 cation or a consortium receiving a grant under this section
3 shall use the grant funds to carry out a program to en-
4 courage low-income and middle-income undergraduate and
5 graduate students enrolled at the institution of higher
6 education, or at an institution of higher education that
7 is a member of the consortium, respectively, to earn de-
8 grees in science, technology, engineering, mathematics, or
9 a critical-need foreign language, through administering
10 scholarships in accordance with subsection (f).

11 (f) SCHOLARSHIPS.—

12 (1) SCHOLARSHIP REQUIREMENTS.—Scholar-
13 ships under this subsection shall be available to a
14 student enrolled at an institution of higher education
15 that receives a grant under this section or is a mem-
16 ber of a consortium that receives a grant under this
17 section—

18 (A)(i) whose parents have an adjusted
19 gross income for the most recent tax year avail-
20 able of—

21 (I) less than \$53,000 if single; or

22 (II) less than \$107,000 if married; or

23 (ii) in the case of a student who is inde-
24 pendent (as defined in section 480 of the High-
25 er Education Act of 1965 (20 U.S.C. 1087vv),

1 who meets the adjusted gross income require-
2 ments of clause (i); and

3 (B)(i) in the case of a student in the first
4 or second year of a program of undergraduate
5 education, who enrolls in prerequisite courses
6 for a baccalaureate degree with a major in
7 science, technology, engineering, mathematics,
8 or a critical-need foreign language, as deter-
9 mined by the institution of higher education
10 that the student attends;

11 (ii) in the case of a student who has com-
12 pleted 2 years of a program of undergraduate
13 education, who is pursuing a baccalaureate de-
14 gree with a major in science, technology, engi-
15 neering, mathematics, or a critical-need foreign
16 language; or

17 (iii) in the case of a graduate student, who
18 is pursuing a graduate degree in science, tech-
19 nology, engineering, mathematics, or a critical-
20 need foreign language.

21 (2) AMOUNT.—

22 (A) ANNUAL AMOUNT.—An institution of
23 higher education or consortium that receives a
24 grant under this section shall award a scholar-
25 ship to a student described in paragraph (1) in

1 an amount that does not exceed \$5,500 per
2 academic year, except that no student shall re-
3 ceive for any academic year an amount that is
4 more than the cost of attendance, as deter-
5 mined under section 472 of the Higher Edu-
6 cation Act of 1965 (20 U.S.C. 108711)), at the
7 institution where the student is enrolled for
8 such academic year.

9 (B) REDUCTIONS IN AMOUNT FOR PART-
10 TIME STUDENTS.—In any case where a student
11 attends an institution of higher education on
12 less than a full-time basis (including a student
13 who attends an institution of higher education
14 on less than a half-time basis) during any aca-
15 demic year, the amount of the scholarship for
16 which that student is eligible shall be reduced
17 in proportion to the degree to which that stu-
18 dent is not so attending on a full-time basis, in
19 accordance with a schedule of reductions estab-
20 lished by the Secretary for the purpose of this
21 section, computed in accordance with this sub-
22 section. Such schedule of reductions shall be es-
23 tablished by regulation and published in the
24 Federal Register in accordance with the sched-

ule described in section 482 of the Higher Education Act of 1965 (20 U.S.C. 1089).

(C) CUMULATIVE AMOUNT.—An institution of higher education or consortium receiving a grant under this section may award an individual a scholarship under this subsection for more than 1 year, or for both undergraduate and graduate study, except that—

(i) no individual shall receive a total amount of scholarship support under this subsection for undergraduate study that is more than \$22,000; and

(ii) no individual shall receive a total amount of scholarship support under this section for graduate study that is more than \$22,000.

(g) CONDITIONS OF SUPPORT.—As a condition of acceptance of a scholarship under this section, a recipient shall enter into an agreement with the institution of higher education or consortium—

(1) accepting the terms of the scholarship; and

(2) agreeing to provide the awarding institution of higher education or consortium with up-to-date contact information and to participate in surveys provided by the Secretary of Education, institution

1 of higher education, or consortium as part of an as-
2 sessment program.

3 (h) FAILURE TO COMPLETE OBLIGATION.—

4 (1) GENERAL RULE.—An individual who has
5 received a scholarship under this section shall be lia-
6 ble to the institution of higher education or consor-
7 tium that awarded the scholarship, as well as to the
8 United States, for the amount of the scholarship, if
9 such individual—

10 (A) fails to maintain an acceptable level of
11 academic standing in the institution of higher
12 education in which the individual is enrolled, as
13 determined by the institution of higher edu-
14 cation;

15 (B) is dismissed from such institution for
16 disciplinary reasons; or

17 (C) withdraws from the baccalaureate or
18 graduate degree program for which the scholar-
19 ship was made before the completion of such
20 program, and does not transfer into another
21 program that meets the requirements of sub-
22 section (f)(1)(B).

23 (2) EXCLUSION FROM FUTURE SCHOLAR-
24 SHIPS.—If a circumstance described in paragraph
25 (1) occurs, all of the following shall apply:

1 (A) NONRENEWAL OF SCHOLARSHIP.—The
2 institution of higher education or consortium
3 shall not renew the scholarship to the indi-
4 vidual. However, at the discretion of the institu-
5 tion of higher education or consortium award-
6 ing the scholarship, an individual may regain
7 eligibility for a scholarship under this section
8 after completing not less than 1 academic term
9 at the institution, if the individual—

10 (i) maintains an acceptable level of
11 academic standing in the institution of
12 higher education, as determined by the in-
13 stitution; and

14 (ii) reenrolls in the baccalaureate or
15 graduate degree program for which the
16 scholarship was made.

17 (B) INELIGIBILITY FOR FEDERAL SCHOL-
18 ARSHIPS.—The individual shall become auto-
19 matically ineligible to participate in any Federal
20 scholarship programs for future years.

21 (3) USE OF RECOVERED SCHOLARSHIP
22 FUNDS.—An institution of higher education or con-
23 sortium that recovers funds under paragraph (1)
24 shall use such funds to provide additional scholar-
25 ships under subsection (f).

1 (i) DATA COLLECTION.—An institution of higher
2 education or consortium receiving a grant under this sec-
3 tion shall supply to the Secretary any relevant statistical
4 and demographic data on scholarship recipients the Sec-
5 retary may request.

6 (j) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated to carry out this section
8 \$750,000,000 for fiscal year 2007 and such sums as may
9 be necessary for each of the 4 succeeding fiscal years.

10 **SEC. 2214. EXPANSION OF NATIONAL SCIENCE FOUNDA-**
11 **TION EDUCATION AND HUMAN RESOURCES**
12 **DIRECTORATE.**

13 (a) PURPOSE.—The purpose of this section is to en-
14 sure the continued involvement of experts at the National
15 Science Foundation in improving science, technology, en-
16 gineering, and mathematics at the elementary, secondary,
17 and postsecondary levels by doubling funding for the edu-
18 cation and human resources programs of the National
19 Science Foundation, in addition to the increases made
20 under section 2125 for the mathematics and science part-
21 nerships described in section 9 of the National Science
22 Foundation Authorization Act of 2002 and in addition to
23 any other amounts authorized or appropriated to the Na-
24 tional Science Foundation.

1 (b) AUTHORIZATION OF APPROPRIATIONS FOR NSF
 2 EDUCATION AND HUMAN RESOURCES.—There is author-
 3 ized to be appropriated to the National Science Founda-
 4 tion for education and human resources, in addition to the
 5 amounts authorized under section 2125(a)(2), amounts as
 6 follows:

- 7 (1) For fiscal year 2007, \$886,810,000.
- 8 (2) For fiscal year 2008, \$1,040,110,000.
- 9 (3) For fiscal year 2009, \$1,193,410,000.
- 10 (4) For fiscal year 2010, \$1,346,710,000.
- 11 (5) For fiscal year 2011, \$1,500,000,000.

12 (c) SCIENCE, MATHEMATICS, ENGINEERING, AND
 13 TECHNOLOGY TALENT EXPANSION PROGRAM.—Section
 14 8(7)(C) of the National Science Foundation Authorization
 15 Act of 2002 (Public Law 107–368) is amended—

16 (1) by redesignating clauses (i) through (vi) as
 17 subclauses (I) through (VI), respectively, and in-
 18 denting appropriately;

19 (2) by striking “include those that promote
 20 high quality—” and inserting “include programs
 21 that—

22 “(i) promote high-quality—”; and

23 (3) in clause (i)—

24 (A) in subclause (III) (as redesignated by
 25 paragraph (1)), by striking “for students;” and

1 inserting “for students, especially underrep-
2 resented minority and female mathematics,
3 science, engineering, and technology students;”;
4 and

5 (B) in subclause (VI) (as redesignated by
6 paragraph (1)), by striking the period and in-
7 serting a semicolon; and

8 (4) by adding at the end the following:

9 “(ii) finance summer internships for math-
10 ematics, science, engineering, and technology
11 undergraduate students;

12 “(iii) facilitate smaller mathematics,
13 science, engineering, and technology class sizes;

14 “(iv) facilitate the hiring of additional
15 mathematics, science, engineering, and tech-
16 nology faculty;

17 “(v) serve as bridges to enable underrep-
18 resented minority and female secondary school
19 students to obtain extra mathematics, science,
20 engineering, and technology training prior to
21 entering an institution of higher education; and

22 “(vi) finance mathematics, science, engi-
23 neering, and technology student research activi-
24 ties.”.

CHAPTER 2—IMPROVING GLOBAL KNOWLEDGE AND SKILLS

SEC. 2221. DEFINITIONS.

In this chapter:

(1) **INSTITUTION OF HIGHER EDUCATION.**—The term “institution of higher education” has the meaning given the term in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)).

(2) **LOCAL EDUCATIONAL AGENCY; STATE EDUCATIONAL AGENCY.**—The terms “local educational agency” and “State educational agency” have the meanings given the terms in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(3) **SECRETARY.**—The term “Secretary” means the Secretary of Education.

SEC. 2222. CRITICAL-NEED LANGUAGES.

The Secretary shall, prior to requesting applications for grants under this chapter during each grant cycle, consult with, and receive recommendations regarding, critical need for expertise in foreign languages and world regions from the head official, or a designee of such head official, of the National Security Council, the Department of Homeland Security, the Department of Defense, the Department of State, the Federal Bureau of Investigation,

1 the Department of Labor, and the Department of Com-
2 merce, and the Director of National Intelligence. The Sec-
3 retary shall take into account such recommendations when
4 developing a list of critical-need languages and when re-
5 questing applications for grants under this chapter. The
6 Secretary shall also make available to applicants the list
7 of the critical-need languages for the grant cycle.

8 **SEC. 2223. CRITICAL-NEED LANGUAGE PROGRAM GRANTS.**

9 (a) DEFINITIONS.—In this section:

10 (1) ELIGIBLE ENTITY.—The term “eligible enti-
11 ty” means—

12 (A) a State educational agency; or

13 (B) a partnership between a local edu-
14 cational agency and an institution of higher
15 education.

16 (2) HIGH-NEED SCHOOL.—The term “high-need
17 school” means a public elementary or secondary
18 school that is eligible for assistance under section
19 1114(a) of the Elementary and Secondary Edu-
20 cation Act of 1965 (20 U.S.C. 6314(a)).

21 (b) PROGRAM AUTHORIZED.—The Secretary shall
22 award grants, on a competitive basis, to eligible entities
23 to enable the eligible entities to develop programs that
24 allow students to be exposed to and immersed in other

1 languages and cultures from the early grades throughout
2 the students' education.

3 (c) APPLICATION.—An eligible entity desiring a grant
4 under this section shall submit an application to the Sec-
5 retary at such time, in such manner, and containing such
6 information as the Secretary may require.

7 (d) AWARD BASIS.—In awarding grants under this
8 section, the Secretary shall give priority to eligible entities
9 that will use grant funds for programs that target a high-
10 need school.

11 (e) USE OF FUNDS.—An eligible entity receiving a
12 grant under this section shall use grant funds to carry
13 out 1 or more of the following:

14 (1) Establish and maintain programs in a crit-
15 ical-need language (as determined by the Secretary
16 under section 2222) in the elementary schools served
17 by the eligible entity.

18 (2) Offer additional or more advanced critical-
19 need language classes in middle schools and sec-
20 ondary schools.

21 (3) Create and implement effective models of
22 instruction in critical-need languages and world cul-
23 tures.

24 (4) Create and maintain internationally themed
25 schools that—

1 (A) offer dual language immersion pro-
2 grams;

3 (B) focus on international content; and

4 (C) use technology to bring the world into
5 the classroom virtually.

6 (f) TECHNICAL ASSISTANCE CENTERS.—

7 (1) IN GENERAL.—The Secretary shall enter
8 into contracts with entities to establish a system of
9 regional critical-need foreign language technical as-
10 sistance centers focused on developing critical-need
11 language programs in kindergarten through grade
12 12 education.

13 (2) APPLICATION.—An entity desiring a con-
14 tract under this subsection shall submit an applica-
15 tion to the Secretary at such time, in such manner,
16 and containing such information as the Secretary
17 may require.

18 (3) ACTIVITIES.—Each center established under
19 this subsection shall—

20 (A) assist States and local educational
21 agencies in developing critical-need language
22 curricula; and

23 (B) disseminate best practices in the field.

24 (g) REPORT.—Not later than 90 days after the last
25 day of the grant or contract period, an eligible entity re-

1 ceiving a grant under subsection (a) or an entity receiving
2 a contract under subsection (f) shall prepare and submit
3 a report to the Secretary describing the supported activi-
4 ties.

5 (h) AUTHORIZATION OF APPROPRIATIONS.—There
6 are authorized to be appropriated to carry out this section
7 \$100,000,000 for fiscal year 2007 and such sums as may
8 be necessary for each of the 4 succeeding fiscal years.

9 **SEC. 2224. INTERNATIONAL SUMMER INSTITUTE GRANTS.**

10 (a) PROGRAM AUTHORIZED.—The Secretary shall
11 award grants, on a competitive basis, to institutions of
12 higher education or nonprofit organizations (or consortia
13 of such institutions or organizations) to carry out summer
14 institute programs that help teachers integrate inter-
15 national content into the curricula and improve the teach-
16 ers' knowledge and teaching of foreign cultures.

17 (b) PARTNERSHIP.—In order to receive a grant under
18 this section, an institution of higher education or a non-
19 profit organization (or a consortium of such institutions
20 or organizations) shall enter into a partnership with a
21 local educational agency to carry out the grant activities.

22 (c) APPLICATION.—An institution of higher edu-
23 cation, nonprofit organization, or consortium desiring a
24 grant under this section shall submit an application to the

1 Secretary at such time, in such manner, and containing
2 such information as the Secretary may require.

3 (d) USE OF FUNDS.—An institution of higher edu-
4 cation, nonprofit organization, or consortium receiving a
5 grant under this section shall use grant funds to carry
6 out 1 or more of the following:

7 (1) Integrate international content into existing
8 summer institute programs.

9 (2) Assist States in creating new summer insti-
10 tutes to prepare teachers—

11 (A) to teach international subjects, such as
12 world history, global economics, and geography;
13 and

14 (B) to integrate international content into
15 other subjects to improve global competence.

16 (e) REPORT.—Not later than 90 days after the last
17 day of the grant period, an institution of higher education,
18 nonprofit organization, or consortium receiving a grant
19 under this section shall prepare and submit a report to
20 the Secretary describing the grant activities.

21 (f) AUTHORIZATION OF APPROPRIATIONS.—There
22 are authorized to be appropriated to carry out this section
23 \$100,000,000 for fiscal year 2007 and such sums as may
24 be necessary for each of the 4 succeeding fiscal years.

1 **SEC. 2225. INTERNATIONAL AND FOREIGN LANGUAGE**
2 **STUDIES.**

3 (a) PURPOSE.—The purpose of this section is to in-
4 crease study abroad and foreign language study opportu-
5 nities in critical-need languages for secondary school, un-
6 dergraduate, and graduate students.

7 (b) DEFINITION OF ELIGIBLE ENTITY.—In this sec-
8 tion, the term “eligible entity” means—

- 9 (1) an institution of higher education;
10 (2) a consortium of institutions of higher edu-
11 cation;
12 (3) an institution of higher education in part-
13 nership with an international university;
14 (4) an institution of higher education in part-
15 nership with a local educational agency;
16 (5) a State educational agency; or
17 (6) a local educational agency.

18 (c) PROGRAM AUTHORIZED.—From amounts appro-
19 priated under this section for a fiscal year, the Secretary
20 shall award grants, on a competitive basis, to eligible enti-
21 ties to enable the eligible entities to establish or strengthen
22 foreign language study programs in critical-need lan-
23 guages, as determined by the Secretary under section
24 2222.

25 (d) AMOUNT AND DURATION OF GRANT.—Each
26 grant awarded under this section shall be—

1 (1) for an amount of not less than \$500,000 for
2 each year of the grant; and

3 (2) for a period of not less than 4 years.

4 (e) APPLICATION.—An eligible entity that desires a
5 grant under this section shall submit an application to the
6 Secretary at such time, in such manner, and containing
7 such information as the Secretary may require.

8 (f) USE OF FUNDS.—An eligible entity receiving a
9 grant under this section shall use the grant funds to estab-
10 lish or strengthen foreign language study programs in crit-
11 ical-need languages, which may include the following ac-
12 tivities:

13 (1) The recruitment and retention of faculty in
14 critical-need languages.

15 (2) Curriculum development.

16 (3) The acquisition of materials to improve in-
17 structional programs.

18 (4) The expansion of study abroad programs
19 for participating students.

20 (5) The development of foreign language im-
21 mersion programs.

22 (6) Summer institutes for faculty development.

23 (7) Bridge programs that allow dual enrollment
24 for secondary school students in institutions of high-
25 er education.

1 (8) Programs to expand the understanding and
 2 knowledge of cultural, geographic, and political fac-
 3 tors within countries with populations who speak
 4 critical-need languages.

5 (9) Research on, and evaluation of, the teaching
 6 of critical-need foreign languages.

7 (10) Participation in national programs impact-
 8 ing critical-need foreign languages.

9 (11) Data collection and analysis regarding the
 10 outcomes of various student recruitment strategies
 11 and program design and curricula approaches, and
 12 their impact on increasing—

13 (A) the number of students studying crit-
 14 ical-need languages; and

15 (B) the fluency of the students in the lan-
 16 guages.

17 (g) AUTHORIZATION OF APPROPRIATIONS.—There
 18 are authorized to be appropriated to carry out this section
 19 \$100,000,000 for fiscal year 2007 and such sums as may
 20 be necessary for each of the 4 succeeding fiscal years.

21 **CHAPTER 3—INVESTING IN WORKERS**

22 **THROUGH JOB TRAINING**

23 **SEC. 2231. PROJECTS TO PROVIDE LITERACY, TECH-**

24 **NOLOGY, AND TECHNICAL SKILLS TRAINING.**

25 (a) DEFINITIONS.—In this section:

1 (1) SECRETARY.—The term “Secretary” means
2 the Secretary of Labor.

3 (2) SMALL BUSINESS.—The term “small busi-
4 ness” means a business with not more than 100 em-
5 ployees.

6 (b) PROJECTS.—The Secretary shall carry out
7 projects to provide literacy, technology, and technical skills
8 training for workers, including both employed and unem-
9 ployed workers.

10 (c) GRANTS.—In carrying out projects described in
11 subsection (b), the Secretary shall make grants to eligible
12 partnerships.

13 (d) ELIGIBLE PARTNERSHIPS.—

14 (1) IN GENERAL.—To be eligible to receive such
15 a grant, a partnership shall be a local or regional
16 public-private partnership consisting of at least—

17 (A) 1 State or local workforce investment
18 board established under section 111 or 117 of
19 the Workforce Investment Act of 1998 (29
20 U.S.C. 2821 or 2832) (including a consortium
21 of such boards in a region);

22 (B) 1 institution of higher education, as
23 defined in section 101(a) of the Higher Edu-
24 cation Act of 1965, (including a consortium of
25 such institutions);

1 (C) 1 business (including a consortium of
2 such businesses) or nonprofit employer; and

3 (D) 1 community-based organization, labor
4 union, trade association, or other intermediary.

5 (2) DESIGNATION OF RESPONSIBLE FISCAL
6 AGENTS.—Each partnership described in paragraph
7 (1) shall designate a responsible fiscal agent to re-
8 ceive and disburse grant funds under this section.

9 (e) TRAINING.—

10 (1) PARTICIPANTS.—A partnership that re-
11 ceives a grant under subsection (c) shall provide
12 training through a project described in subsection
13 (b) to persons who are employed and who wish to
14 obtain and upgrade skills to qualify for existing jobs
15 (as of the date such training begins) and to persons
16 who are unemployed.

17 (2) PREPARATION.—Such training shall, to the
18 extent practicable, include the preparation of work-
19 ers for a broad range of positions along a career lad-
20 der.

21 (f) START-UP ACTIVITIES.—

22 (1) IN GENERAL.—Except as provided in para-
23 graph (2), not more than 5 percent, or \$75,000,
24 whichever is less, of the funds made available
25 through a single grant made under this section may

1 be used toward the start-up costs of a partnership
2 or training project.

3 (2) EXCEPTION.—In the case of partnerships
4 consisting primarily of small businesses, not more
5 than 10 percent, or \$150,000, whichever is less, of
6 the funds made available through a single grant
7 made under this section may be used toward the
8 start-up costs of a partnership or training project.

9 (3) DURATION OF START-UP PERIOD.—For
10 purposes of this subsection, a start-up period con-
11 sists of a period of not more than 1 month, begin-
12 ning on the first day of the grant period. At the end
13 of the start-up period, training shall immediately
14 begin and no further Federal funds may be used for
15 start-up costs.

16 (g) APPLICATIONS.—

17 (1) IN GENERAL.—To be eligible to receive a
18 grant under this section, a partnership shall submit
19 an application to the Secretary at such time, in such
20 manner, and containing such information as the Sec-
21 retary may require.

22 (2) CONTENTS.—Each application for such a
23 grant shall—

24 (A) provide evidence of the need for the
25 training to be provided through the grant, by

1 providing evidence of skill shortages in existing
2 or emerging industries as demonstrated through
3 reliable regional, State, or local data;

4 (B) articulate the level of skills that work-
5 ers will be trained for and the manner by which
6 attainment of those skills will be measured; and

7 (C) include an agreement that the project
8 will be subject to evaluation by the Secretary to
9 measure the effectiveness of the project.

10 (3) MATCHING FUNDS.—Each application for a
11 grant to carry out a project described in subsection
12 (b) shall state the manner by which the partnership
13 will—

14 (A) make available, with respect to the
15 costs to be incurred by the partnership in car-
16 rying out the project, non-Federal contributions
17 (in cash or in kind) in an amount equal to not
18 less than 50 percent of the Federal funds pro-
19 vided under the grant; and

20 (B) make the contributions available di-
21 rectly or through donations from public or pri-
22 vate entities, and ensure that at least ½ of the
23 contributions will be from businesses or non-
24 profit employers involved in the partnership.

25 (h) CONSIDERATIONS.—

1 (1) PROJECTS WITH COMMITMENTS.—In mak-
2 ing grants under this section, the Secretary shall
3 give consideration to an applicant that provides a
4 specific, measurable commitment—

5 (A) upon successful completion of a train-
6 ing course by a participant—

7 (i) who is unemployed, to hire or ef-
8 fectuate the hiring of the participant
9 (where applicable);

10 (ii) who is an incumbent worker, to
11 increase the wages or salary of the worker
12 (where applicable); or

13 (iii) to provide skill certification to the
14 participant;

15 (B) to provide training that is linked to in-
16 dustry-accepted occupational skill standards,
17 certificates, or licensing requirements; or

18 (C) to provide a project that will lead to
19 attainment of baccalaureate or associate de-
20 grees.

21 (2) EXPANDED AND COLLABORATIVE
22 PROJECTS.—In making grants under this section,
23 the Secretary shall give consideration to an applicant
24 that proposes to use grant funds—

1 (A) to demonstrate a significant ability to
2 expand a training project through such means
3 as training more workers or offering more
4 courses; and

5 (B) to carry out a training project result-
6 ing from a collaboration, especially with more
7 than 1 small business or with an entity carrying
8 out a labor-management training project.

9 (3) PARTNERSHIPS INVOLVING SMALL BUSI-
10 NESSES.—In making grants under this section, the
11 Secretary shall give consideration to an applicant
12 that involves and directly benefits more than 1 small
13 business.

14 (4) DONATIONS FROM PUBLIC OR PRIVATE EN-
15 TITIES.—In making grants under this section, the
16 Secretary shall give consideration to an applicant
17 that provides a specific commitment that a portion
18 of the non-Federal contribution described in sub-
19 section (g)(3) will be made available through dona-
20 tions from other public or private entities, so as to
21 demonstrate the long-term sustainability of the
22 project after the expiration of the grant period in-
23 volved.

24 (i) ADMINISTRATIVE COSTS.—A partnership that re-
25 ceives a grant to carry out a project described in sub-

1 section (b) may not use more than 10 percent of the funds
 2 made available through the grant to pay for administrative
 3 costs associated with the project.

4 (j) AUTHORIZATION OF APPROPRIATIONS.—There
 5 are authorized to be appropriated to carry out this section
 6 \$300,000,000 for fiscal year 2007 and such sums as may
 7 be necessary for each of the 4 succeeding fiscal years.

8 **TITLE III—KEEPING GOOD JOBS**
 9 **IN THE UNITED STATES**
 10 **Subtitle A—Right To Know When**
 11 **Jobs are Shipped Overseas**

12 **SEC. 3101. AMENDMENTS TO THE WORKER ADJUSTMENT**
 13 **AND RETRAINING NOTIFICATION ACT.**

14 (a) DEFINITION.—Section 2(a) of the Worker Ad-
 15 justment and Retraining Notification Act (29 U.S.C.
 16 2101(a)) is amended—

17 (1) in paragraph (3)(B), by striking “for—”
 18 and all that follows through “500 employees” in
 19 clause (ii), and inserting “for not less than 50 em-
 20 ployees”;

21 (2) in paragraph (7), by striking “and” after
 22 the semicolon;

23 (3) in paragraph (8), by striking the period and
 24 inserting “; and”; and

25 (4) by adding at the end the following:

1 “(9) the term ‘offshoring of jobs’ means any ac-
 2 tion taken by an employer the effect of which is to
 3 create, shift, or transfer employment positions or fa-
 4 cilities outside the United States and that results in
 5 an employment loss during any 30-day period for 15
 6 or more employees.”.

7 (b) NOTICE.—Section 3 of the Worker Adjustment
 8 and Retraining Notification Act (29 U.S.C. 2102) is
 9 amended—

10 (1) in subsection (a)—

11 (A) in the matter preceding paragraph (1),
 12 by striking “60-day” and inserting “90-day”;

13 (B) in paragraph (1), by striking “and”
 14 after the semicolon;

15 (C) in paragraph (2), by striking the pe-
 16 riod and inserting “; and”; and

17 (D) by inserting after paragraph (2), the
 18 following:

19 “(3) to the Secretary of Labor.”;

20 (2) in subsection (b), by striking “60-day” both
 21 places that such term appears and inserting “90-
 22 day”; and

23 (3) by adding at the end the following:

24 “(e) NOTICE FOR OFFSHORING OF JOBS.—In the
 25 case of a notice under subsection (a) regarding the

1 offshoring of jobs, the notice shall include, in addition to
 2 the information otherwise required by the Secretary with
 3 respect to other notices under such subsection, informa-
 4 tion concerning—

5 “(1) the number of jobs affected;

6 “(2) the location where the jobs are being cre-
 7 ated, or shifted or transferred to; and

8 “(3) the reasons that such creation, shifting, or
 9 transferring is occurring.”.

10 (c) TECHNICAL AMENDMENTS.—The Worker Adjust-
 11 ment and Retraining Notification Act (29 U.S.C. 2101 et
 12 seq.) is amended—

13 (1) by striking “plant closing or mass layoff”
 14 each place that such term appears and inserting
 15 “plant closing, mass layoff, or offshoring of jobs”;

16 (2) by striking “closing or layoff” each place
 17 that such term appears and inserting “closing, lay-
 18 off, or offshoring”;

19 (3) in section 3—

20 (A) in the section heading, by striking

21 “**PLANT CLOSINGS AND MASS LAYOFFS**”

22 and inserting “**PLANT CLOSINGS, MASS LAY-**
 23 **OFFS, AND OFFSHORING OF JOBS**”;

1 (B) in subsection (b)(2)(A), by striking
 2 “the closing or mass layoff” and inserting “the
 3 closing, layoff, or offshoring”; and

4 (C) in subsection (d), by striking “section
 5 2(a) (2) or (3)” and inserting “paragraph (2),
 6 (3), or (9) of section 2(a)”;
 7 (4) in section 5—

8 (A) in subsection (a)—

9 (i) in paragraph (1), in the matter fol-
 10 lowing subparagraph (B), by striking “60
 11 days” and inserting “90 days”; and

12 (ii) in paragraph (3), by striking
 13 “shutdown or layoff” and inserting “clos-
 14 ing, layoff, or offshoring involved”; and

15 (B) in subsection (b), by inserting “and
 16 section 11(c)” after “in this section”; and

17 (5) in the table of contents, by striking the item
 18 relating to section 3 and inserting the following:

“Sec. 3. Notice required before plant closings, mass layoffs, and offshoring of
 jobs.”.

19 (d) POSTING OF EMPLOYEE RIGHTS.—

20 (1) REDESIGNATION.—The Worker Adjustment
 21 and Retraining Notification Act (29 U.S.C. 2101 et
 22 seq.) is amended by redesignating section 11 as sec-
 23 tion 13.

1 (2) POSTING.—The Worker Adjustment and
 2 Retraining Notification Act, as amended by para-
 3 graph (1), is further amended by inserting after sec-
 4 tion 10 the following:

5 **“SEC. 11. POSTING OF NOTICE OF RIGHTS.**

6 “(a) DEVELOPMENT.—Not later than 60 days after
 7 the date of enactment of this section, the Secretary of
 8 Labor shall develop a notice of employee rights under this
 9 Act for posting by employers.

10 “(b) POSTING.—Each employer shall post in a con-
 11 spicuous place in places of employment the notice of em-
 12 ployee rights as developed by the Secretary under sub-
 13 section (a).

14 “(c) PENALTY.—Any employer that willfully violates
 15 this section may be assessed a civil money penalty not to
 16 exceed \$100 for each separate offense.”.

17 (e) ANNUAL REPORT.—The Worker Adjustment and
 18 Retraining Notification Act (29 U.S.C. 2101 et seq.), as
 19 amended by subsection (d), is further amended by insert-
 20 ing after section 11 the following:

21 **“SEC. 12. CONTENTS OF ANNUAL REPORTS BY THE SEC-**
 22 **RETARY OF LABOR.**

23 “(a) STATISTICAL REPORTS.—

24 “(1) STATISTICS.—The Secretary of Labor
 25 shall collect and compile statistics based on the in-

1 formation submitted to the Secretary under sub-
2 sections (a)(3) and (e) of section 3.

3 “(2) REPORTS.—The Secretary of Labor shall
4 annually prepare and submit to the President and
5 the appropriate committees of Congress reports con-
6 taining statistics collected or compiled under para-
7 graph (1).

8 “(b) OFFSHORING REPORTS.—

9 “(1) STUDIES.—The Secretary of Labor shall
10 annually conduct studies on the offshoring of jobs
11 (as defined in section 2(a)(9)), including collecting
12 information concerning—

13 “(A) the number of jobs affected;

14 “(B) the locations where the jobs are being
15 created, or shifted or transferred to; and

16 “(C) the reasons that such creation, shift-
17 ing, or transferring is occurring.

18 “(2) REPORTS.—Not later than 120 days after
19 the date on which each regular session of Congress
20 commences, the Secretary of Labor shall prepare
21 and submit to the President and the appropriate
22 committees of Congress a report containing the re-
23 sults of the most recent study conducted under para-
24 graph (1).”.

1 Subtitle B—Removing Tax Incen-
2 tives for Companies to Ship
3 Jobs Overseas

4 SEC. 3201. TAXATION OF INCOME OF CONTROLLED FOR-
5 EIGN CORPORATIONS ATTRIBUTABLE TO IM-
6 PORTED PROPERTY.

7 (a) GENERAL RULE.—Subsection (a) of section 954
8 of the Internal Revenue Code of 1986 (defining foreign
9 base company income) is amended by striking “and” at
10 the end of paragraph (4), by striking the period at the
11 end of paragraph (5) and inserting “, and”, and by adding
12 at the end the following new paragraph:

13 “(6) imported property income for the taxable
14 year (determined under subsection (j) and reduced
15 as provided in subsection (b)(5)).”.

16 (b) DEFINITION OF IMPORTED PROPERTY IN-
17 COME.—Section 954 of the Internal Revenue Code of 1986
18 is amended by adding at the end the following new sub-
19 section:

20 “(j) IMPORTED PROPERTY INCOME.—

21 “(1) IN GENERAL.—For purposes of subsection
22 (a)(6), the term ‘imported property income’ means
23 income (whether in the form of profits, commissions,
24 fees, or otherwise) derived in connection with—

1 “(A) manufacturing, producing, growing,
2 or extracting imported property;

3 “(B) the sale, exchange, or other disposi-
4 tion of imported property; or

5 “(C) the lease, rental, or licensing of im-
6 ported property.

7 Such term shall not include any foreign oil and gas
8 extraction income (within the meaning of section
9 907(c)) or any foreign oil related income (within the
10 meaning of section 907(c)).

11 “(2) IMPORTED PROPERTY.—For purposes of
12 this subsection—

13 “(A) IN GENERAL.—Except as otherwise
14 provided in this paragraph, the term ‘imported
15 property’ means property which is imported
16 into the United States by the controlled foreign
17 corporation or a related person.

18 “(B) IMPORTED PROPERTY INCLUDES CER-
19 TAIN PROPERTY IMPORTED BY UNRELATED
20 PERSONS.—The term ‘imported property’ in-
21 cludes any property imported into the United
22 States by an unrelated person if, when such
23 property was sold to the unrelated person by
24 the controlled foreign corporation (or a related
25 person), it was reasonable to expect that—

1 “(i) such property would be imported
2 into the United States; or

3 “(ii) such property would be used as
4 a component in other property which would
5 be imported into the United States.

6 “(C) EXCEPTION FOR PROPERTY SUBSE-
7 QUENTLY EXPORTED.—The term ‘imported
8 property’ does not include any property which is
9 imported into the United States and which—

10 “(i) before substantial use in the
11 United States, is sold, leased, or rented by
12 the controlled foreign corporation or a re-
13 lated person for direct use, consumption,
14 or disposition outside the United States; or

15 “(ii) is used by the controlled foreign
16 corporation or a related person as a com-
17 ponent in other property which is so sold,
18 leased, or rented.

19 “(3) DEFINITIONS AND SPECIAL RULES.—

20 “(A) IMPORT.—For purposes of this sub-
21 section, the term ‘import’ means entering, or
22 withdrawal from warehouse, for consumption or
23 use. Such term includes any grant of the right
24 to use intangible property (as defined in section
25 936(h)(3)(B)) in the United States.

1 “(B) UNITED STATES.—For purposes of
 2 this subsection, the term ‘United States’ in-
 3 cludes the Commonwealth of Puerto Rico, the
 4 Virgin Islands of the United States, Guam,
 5 American Samoa, and the Commonwealth of
 6 the Northern Mariana Islands.

7 “(C) UNRELATED PERSON.—For purposes
 8 of this subsection, the term ‘unrelated person’
 9 means any person who is not a related person
 10 with respect to the controlled foreign corpora-
 11 tion.

12 “(D) COORDINATION WITH FOREIGN BASE
 13 COMPANY SALES INCOME.—For purposes of this
 14 section, the term ‘foreign base company sales
 15 income’ shall not include any imported property
 16 income.”.

17 (c) SEPARATE APPLICATION OF LIMITATIONS ON
 18 FOREIGN TAX CREDIT FOR IMPORTED PROPERTY IN-
 19 COME.—

20 (1) BEFORE 2007.—

21 (A) IN GENERAL.—Paragraph (1) of sec-
 22 tion 904(d) of the Internal Revenue Code of
 23 1986 (relating to separate application of section
 24 with respect to certain categories of income), as
 25 in effect for taxable years beginning before Jan-

uary 1, 2007, is amended by striking “and” at the end of subparagraph (H), by redesignating subparagraph (I) as subparagraph (J), and by inserting after subparagraph (H) the following new subparagraph:

“(I) imported property income, and”.

(B) IMPORTED PROPERTY INCOME DEFINED.—Paragraph (2) of section 904(d) of such Code, as so in effect, is amended by redesignating subparagraphs (H) and (I) as subparagraphs (I) and (J), respectively, and by inserting after subparagraph (G) the following new subparagraph:

“(H) IMPORTED PROPERTY INCOME.—The term ‘imported property income’ means any income received or accrued by any person which is of a kind which would be imported property income (as defined in section 954(j)).”.

(C) LOOK-THRU RULES TO APPLY.—Subparagraph (F) of section 904(d)(3) of such Code, as so in effect, is amended by striking “or (D)” and inserting “(D), or (I)”.

(2) AFTER 2006.—

(A) IN GENERAL.—Paragraph (1) of section 904(d) of such Code (relating to separate

1 application of section with respect to certain
 2 categories of income), as in effect for taxable
 3 years beginning after December 31, 2006, is
 4 amended by striking “and” at the end of sub-
 5 paragraph (A), by redesignating subparagraph
 6 (B) as subparagraph (C), and by inserting after
 7 subparagraph (A) the following new subpara-
 8 graph:

9 “(B) imported property income, and”.

10 (B) IMPORTED PROPERTY INCOME DE-
 11 FINED.—Paragraph (2) of section 904(d) of
 12 such Code, as so in effect, is amended by redes-
 13 ignating subparagraphs (I) and (J) as subpara-
 14 graphs (J) and (K), respectively, and by insert-
 15 ing after subparagraph (H) the following new
 16 subparagraph:

17 “(I) IMPORTED PROPERTY INCOME.—The
 18 term ‘imported property income’ means any in-
 19 come received or accrued by any person which
 20 is of a kind which would be imported property
 21 income (as defined in section 954(j)).”.

22 (C) CONFORMING AMENDMENT.—Clause
 23 (ii) of section 904(d)(2)(A) of such Code, as so
 24 in effect, is amended by inserting “or imported

1 property income” after “passive category in-
2 come”.

3 (d) TECHNICAL AMENDMENTS.—

4 (1) Clause (iii) of section 952(c)(1)(B) of the
5 Internal Revenue Code of 1986 (relating to certain
6 prior year deficits may be taken into account) is
7 amended—

8 (A) by redesignating subclauses (II), (III),
9 (IV), and (V) as subclauses (III), (IV), (V), and
10 (VI), and

11 (B) by inserting after subclause (I) the fol-
12 lowing new subclause:

13 “(II) imported property in-
14 come,”.

15 (2) Paragraph (5) of section 954(b) of such
16 Code (relating to deductions to be taken into ac-
17 count) is amended by striking “and the foreign base
18 company oil related income” and inserting “the for-
19 eign base company oil related income, and the im-
20 ported property income”.

21 (e) EFFECTIVE DATES.—

22 (1) IN GENERAL.—Except as provided in para-
23 graph (2), the amendments made by this section
24 shall apply to taxable years of foreign corporations
25 beginning after the date of the enactment of this

1 Act, and to taxable years of United States share-
 2 holders within which or with which such taxable
 3 years of such foreign corporations end.

4 (2) SUBSECTION (c).—The amendments made
 5 by subsection (c)(1) shall apply to taxable years be-
 6 ginning after the date of the enactment of this Act
 7 and before January 1, 2007, and the amendments
 8 made by subsection (c)(2) shall apply to taxable
 9 years beginning after December 31, 2006.

10 **Subtitle C—Requiring Government**
 11 **Contractors To Use American**
 12 **Workers for Taxpayer-Funded**
 13 **Work**

14 **SEC. 3301. SHORT TITLE.**

15 This subtitle may be cited as the “United States
 16 Workers Protection Act of 2006”.

17 **SEC. 3302. LIMITATIONS ON OFF-SHORE PERFORMANCE OF**
 18 **CONTRACTS FOR THE PROCUREMENT OF**
 19 **GOODS AND SERVICES.**

20 (a) LIMITATIONS.—

21 (1) IN GENERAL.—The Office of Federal Pro-
 22 curement Policy Act (41 U.S.C. 403 et seq.) is
 23 amended by adding at the end the following new sec-
 24 tion:

1 **“SEC. 42. LIMITATIONS ON OFF-SHORE PERFORMANCE OF**
2 **CONTRACTS FOR THE PROCUREMENT OF**
3 **GOODS AND SERVICES.**

4 “(a) CONVERSIONS TO CONTRACTOR PERFORMANCE
5 OF FEDERAL ACTIVITIES.—An activity or function of an
6 executive agency that is converted to contractor perform-
7 ance under Office of Management and Budget Circular
8 A-76 may not be performed by the contractor or any sub-
9 contractor at a location outside the United States except
10 to the extent that such activity or function was previously
11 performed by Federal Government employees outside the
12 United States.

13 “(b) FEDERAL CONTRACTS FOR THE PROCUREMENT
14 OF SERVICES.—(1) A contract for the procurement of
15 goods or services that is entered into by the head of an
16 executive agency may not be performed outside the United
17 States except to meet a requirement of the executive agen-
18 cy for goods or services specifically at a location outside
19 the United States.

20 “(2) The President may waive the prohibition in
21 paragraph (1) in the case of any contract for which the
22 President determines in writing that it is necessary in the
23 national security interests of the United States for goods
24 or services under the contract to be performed outside the
25 United States.

1 “(3) Paragraph (1) does not apply to goods or serv-
 2 ices performed outside the United States under the excep-
 3 tion provided in subsection (a).

4 “(c) STATE CONTRACTS FOR THE PROCUREMENT OF
 5 SERVICES.—(1) Funds appropriated for financial assist-
 6 ance for a State may not be disbursed to or for such State
 7 during a fiscal year unless the chief executive of that State
 8 has transmitted to the Administrator for Federal Procure-
 9 ment Policy, not later than April 1 of the preceding fiscal
 10 year, a written certification that none of such funds will
 11 be expended for goods or services performed outside the
 12 United States under contracts for the procurement of
 13 goods or services entered into by such State.

14 “(2) In this subsection, the term ‘State’ means each
 15 of the several States of the United States, the District
 16 of Columbia, the Commonwealth of Puerto Rico, the Com-
 17 monwealth of the Northern Mariana Islands, the Virgin
 18 Islands, Guam, American Samoa, and the Trust Territory
 19 of the Pacific Islands.”.

20 (2) CLERICAL AMENDMENT.—The table of sec-
 21 tions in section 1(b) of such Act is amended by add-
 22 ing at the end the following new item:

“Sec. 42. Limitations on off-shore performance of contracts for the procurement
 of services.”.

23 (b) INAPPLICABILITY TO STATES DURING FIRST
 24 TWO FISCAL YEARS.—Section 42(c) of the Office of Fed-

1 eral Procurement Policy Act (as added by subsection (a))
 2 shall not apply to disbursements of funds to a State dur-
 3 ing the fiscal year in which this Act is enacted and the
 4 next fiscal year.

5 (c) REPEAL OF SUPERSEDED LAW.—Section 647 of
 6 the Transportation, Treasury, and Independent Agencies
 7 Appropriations Act, 2004 (division F of Public Law 108–
 8 199) is amended by striking subsection (e).

9 **TITLE IV—LEVELING THE PLAY-**
 10 **ING FIELD FOR WORKERS**
 11 **HERE AND ABROAD**

12 **Subtitle A—Raise Living Standards**
 13 **Worldwide**

14 **SEC. 4101. LIMITATION ON TRADE AUTHORITIES PROCE-**
 15 **DURES.**

16 (a) IN GENERAL.—Notwithstanding any other provi-
 17 sion of law, section 2103(b)(3) of the Bipartisan Trade
 18 Promotion Authority Act of 2002 (19 U.S.C. 3803(b)(3))
 19 and the provisions of chapter 5 of title I of the Trade Act
 20 of 1974 (19 U.S.C. 2191 et seq.) (in this section referred
 21 to as “trade authorities procedures”) shall not apply to
 22 any bill implementing a bilateral or regional trade agree-
 23 ment unless that agreement—

24 (1) prohibits forced and compulsory labor and
 25 prohibits child labor; and

1 (2) contains dispute settlement and enforce-
 2 ment provisions for failure to adhere to the prohibi-
 3 tions described in paragraph (1) if the failure affects
 4 trade between the parties to the agreement.

5 (b) DEFINITIONS.—For purposes of subsection (a)
 6 the terms “forced and compulsory labor” and “child
 7 labor” have the meaning such terms have when used in
 8 the 1998 International Labor Organization Declaration on
 9 Fundamental Principles and Rights at Work.

10 (c) MONITORING.—There are authorized to be appro-
 11 priated such sums as may be necessary to the Department
 12 of Labor to fund the International Labor Organization to
 13 monitor the compliance of countries with the 1998 Inter-
 14 national Labor Organization Declaration on Fundamental
 15 Principles and Rights at Work.

16 **Subtitle B—Prevention of Currency** 17 **Manipulation**

18 **SEC. 4201. INTERNATIONAL NEGOTIATIONS ON EXCHANGE** 19 **RATE AND ECONOMIC POLICIES.**

20 Section 3004 of the Exchange Rates and International
 21 Economic Policy Coordination Act of 1988 (22 U.S.C.
 22 5304) is amended to read as follows:

1 **“SEC. 3004. INTERNATIONAL NEGOTIATIONS ON EXCHANGE**
2 **RATE AND ECONOMIC POLICIES.**

3 “(a) MULTILATERAL NEGOTIATIONS.—The Presi-
4 dent shall seek to confer and negotiate with other coun-
5 tries—

6 “(1) to achieve—

7 “(A) better coordination of macroeconomic
8 policies of the major industrialized nations; and

9 “(B) more appropriate and sustainable levels
10 of trade and current account balances, and ex-
11 change rates of the dollar and other currencies
12 consistent with such balances; and

13 “(2) to develop a program for improving existing
14 mechanisms for coordination and improving the
15 functioning of the exchange rate system to provide
16 for long-term exchange rate stability consistent with
17 more appropriate and sustainable current account
18 balances.

19 “(b) BILATERAL NEGOTIATIONS.—

20 “(1) IN GENERAL.—The Secretary of the
21 Treasury shall analyze on an annual basis the ex-
22 change rate policies of foreign countries, in consulta-
23 tion with the International Monetary Fund, and con-
24 sider whether countries manipulate the rate of ex-
25 change between their currency and the United
26 States dollar for purposes of preventing effective bal-

1 ance of payments adjustments or gaining unfair
2 competitive advantage in international trade. If the
3 Secretary considers that such manipulation is occur-
4 ring with respect to any country that (A) has mate-
5 rial global current account surpluses and (B) has
6 significant bilateral trade surpluses with the United
7 States, the Secretary shall take action to initiate ne-
8 gotiations with such foreign country on an expedited
9 basis, in the International Monetary Fund or bilat-
10 erally, for the purpose of ensuring that such country
11 regularly and promptly adjusts the rate of exchange
12 between its currencies and the United States dollar
13 to permit effective balance of payments adjustments
14 and to eliminate the unfair advantage.

15 “(2) INITIATION OF NEGOTIATIONS.—

16 “(A) IN GENERAL.—On and after the date
17 that is 180 days after the date negotiations de-
18 scribed in paragraph (1) are initiated with re-
19 spect to a country, unless a certification de-
20 scribed in paragraph (3) has been made to Con-
21 gress with respect to such country, in addition
22 to any other duty, there shall be imposed an ad-
23 ditional rate of duty equal to an amount deter-
24 mined by the Secretary on any article that is

1 the growth, product, or manufacture of the that
2 country.

3 “(B) FACTORS TO CONSIDER IN ESTAB-
4 LISHING DUTY.—In determining the additional
5 rate of duty to impose with respect to a country
6 under this paragraph, the Secretary of the
7 Treasury, in consultation with the Secretary of
8 Commerce, shall take into consideration—

9 “(i) the length of time the country has
10 intervened in the value of its currency in
11 one direction or another;

12 “(ii) the country’s rate of foreign ex-
13 change accumulation;

14 “(iii) the country’s capital controls
15 and payment restrictions; and

16 “(iv) the country’s trade and current
17 account balances.

18 “(3) CERTIFICATION.—The certification de-
19 scribed in this paragraph means a certification by
20 the President to Congress that the country with re-
21 spect to which negotiations described in paragraph
22 (1) have been initiated is no longer acquiring foreign
23 exchange reserves to prevent the appreciation of the
24 rate of exchange between its currency and the
25 United States dollar for purposes of gaining an un-

1 fair competitive advantage in international trade.
2 The certification shall also include a determination
3 that the currency of the country has undergone a
4 substantial upward revaluation placing it at or near
5 its fair market value.

6 “(4) ADDITIONAL RATE OF DUTY.—For pur-
7 poses of this subsection, the term ‘additional rate of
8 duty’ means a rate of duty determined by the Sec-
9 retary to be necessary to correct any unfair advan-
10 tage resulting from a country’s acquiring foreign ex-
11 change reserves or otherwise gaining an unfair com-
12 petitive advantage in the rate of exchange between
13 its currency and the United States dollar.

14 “(5) EXCEPTION.—The Secretary shall not be
15 required to initiate negotiations in any case where
16 such negotiations would have a serious detrimental
17 impact on vital national economic and security inter-
18 ests. In such a case, the Secretary shall inform the
19 chairman and the ranking minority member of the
20 Committee on Banking, Housing, and Urban Affairs
21 of the Senate and of the Committee on Financial
22 Services of the House of Representatives of the Sec-
23 retary’s determination.”.

1 **Subtitle C—Encouraging Multilat-**
2 **eral Corporations to Adopt**
3 **Labor Practices**

4 **SEC. 4301. SHORT TITLE.**

5 This subtitle may be cited as the “Global Worker
6 Fairness Act”.

7 **SEC. 4302. FINDINGS.**

8 Congress finds that—

9 (1) 1,400,000,000 workers around the world
10 earn less than \$2 per day;

11 (2) most of those workers live in countries that
12 lack basic labor protections, such as the protections
13 against compulsory and prison labor, protections
14 against child labor, the right to collective bargaining,
15 and the right to a safe work environment;

16 (3) many of those workers are willing to do jobs
17 that workers in the United States do now, but for
18 much lower wages, reduced benefits, and reduced
19 workplace safety and protections;

20 (4) companies are often able to cut costs by ex-
21 ploiting workers in other nations and not providing
22 the workers with adequate wages, benefits, or a safe
23 workplace environment;

1 (5) that exploitation creates a race to the bot-
2 tom that undercuts United States workers and costs
3 jobs in the United States; and

4 (6) therefore, the United States needs to re-
5 ward companies that treat their foreign workers with
6 decency and fairness, because those companies are
7 working to level the global playing field for United
8 States workers and deserve recognition for their ef-
9 forts.

10 **SEC. 4303. DEFINITIONS.**

11 In this subtitle:

12 (1) CORE LABOR STANDARDS.—The term “core
13 labor standards” means the 8 fundamental labor
14 conventions that the International Labour Organiza-
15 tion has identified.

16 (2) LABOR MARKET.—The term “labor market”
17 means a system consisting of employers as buyers
18 and workers as sellers, the purpose of which is to
19 match job vacancies with job applicants and to set
20 wages.

21 (3) MULTINATIONAL COMPANY.—The term
22 “multinational company” means a corporation, en-
23 terprise, or partnership, including its subsidiaries,
24 local affiliates, contractors, and subcontractors, that
25 does business in 2 or more countries.

1 (4) SECRETARY.—The term “Secretary” means
2 the Secretary of Labor.

3 **SEC. 4304. ESTABLISHMENT.**

4 There are established the Global Worker Fairness
5 Awards (referred to individually in this subtitle as an
6 “Award”) and the Fair Labor Certifications (referred to
7 individually in this subtitle as a “Certificate”).

8 **SEC. 4305. CONFERRING OF AWARDS AND CERTIFICATES.**

9 (a) IN GENERAL.—The President or the Secretary
10 shall annually confer the Awards and Certificates on mul-
11 tinationa companies that meet the criteria set forth in
12 section 4307(a), in accordance with section 4307(d).

13 (b) PLAQUES FOR AWARD.—Each Award shall be evi-
14 denced by a plaque bearing the inscription “Global Worker
15 Fairness Award.” One such plaque shall be presented to
16 each Award recipient. The plaque shall be of such design
17 and materials and bear such additional inscriptions as the
18 Secretary may prescribe.

19 (c) DOCUMENTS FOR CERTIFICATE.—Each Certifi-
20 cate shall be evidenced by a framed document bearing the
21 words “Fair Labor Certification”. One such document
22 shall be presented to each Certificate recipient. The docu-
23 ment shall be of such design and materials and bear such
24 additional inscriptions as the Secretary may prescribe.

1 (d) CEREMONIES.—The President or the Secretary
2 shall confer the Awards and Certificates, with such cere-
3 monies as the President or the Secretary, respectively,
4 may determine to be proper.

5 (e) NUMBER OF AWARDS.—No more than 1 Award
6 may be conferred in any year in each classification de-
7 scribed in section 4307(b). If no multinational company
8 in such a classification meets the criteria of section
9 4307(a) for a year, the President or the Secretary shall
10 not confer an Award in that classification for that year.

11 (f) PUBLICITY CONCERNING AWARD OR CERTIFI-
12 CATE.—A multinational company on which an Award or
13 Certificate is conferred, and that agrees to help other mul-
14 tinational companies improve their labor practices, may
15 publicize its receipt of the Award or Certificate, including
16 using the Award or Certificate in its advertising and mar-
17 keting.

18 **SEC. 4306. PROCEDURE AND ADMINISTRATION.**

19 (a) DIRECTOR.—The Director of the Office of Inter-
20 national Economic Affairs in the Bureau of International
21 Labor Affairs of the Department of Labor (referred to in
22 this subtitle as the “Director”) shall carry out the admin-
23 istration of the Awards and Certificates pursuant to the
24 terms of this subtitle.

25 (b) BOARD.—

1 (1) APPOINTMENT.—The Director shall estab-
 2 lish and appoint the members of a Board of Global
 3 Worker Fairness (referred to in this subtitle as the
 4 “Board”), consisting of 1 expert from each of the
 5 following fields:

6 (A) Business.

7 (B) Human rights.

8 (C) Government.

9 (D) Academia.

10 (E) Labor.

11 (2) TERMS.—Members of the Board shall serve
 12 for a single term of 3 years.

13 (3) DUTIES.—The Board shall advise the Di-
 14 rector on the administration of the Awards. The
 15 Board shall, by a $\frac{3}{5}$ vote of the Board, recommend
 16 multinational companies to receive Awards.

17 **SEC. 4307. CRITERIA FOR ELIGIBILITY.**

18 (a) ELIGIBILITY.—To be eligible to receive an Award
 19 under this section, a multinational company—

20 (1) shall submit an application to the Director
 21 at such time, in such manner, and containing—

22 (A) documentation and evidence dem-
 23 onstrating that the criteria specified in para-
 24 graphs (2) through (5) are satisfied;

1 (B) documentation of the number of work-
2 ers employed by the company, to assist the Di-
3 rector in making the classification described in
4 subsection (b); and

5 (C) such information as the Director may
6 require, in application specifications established
7 and disseminated by the Director;

8 (2) shall consent to a rigorous evaluation and
9 audit of the company's labor practices;

10 (3) shall be in compliance with the labor stand-
11 ards set forth in each trade agreement to which the
12 nation in which the company employs workers is a
13 party;

14 (4) shall be in compliance with the Inter-
15 national Labour Organization's core labor standards,
16 including standards pertaining to child labor, collec-
17 tive bargaining, prison and compulsory labor, safety,
18 and wages; and

19 (5) shall verify that, in each labor market in
20 which the company employs workers, the company
21 pays wages and provides benefits, as defined by the
22 National Compensation Survey, above the median
23 level for like occupations in that market.

24 (b) CLASSIFICATION.—An applicant under subsection
25 (a) shall be classified as—

1 (1) a small employer of foreign labor of the
2 company employs not more than 100 workers in for-
3 eign countries;

4 (2) a medium employer of foreign labor if the
5 company employs not less than 101 and not more
6 than 1000 workers in foreign countries; or

7 (3) a large employer of foreign labor if the com-
8 pany employs not less than 1001 workers in foreign
9 countries.

10 (c) DOCUMENTATION AND EVIDENCE.—All informa-
11 tion submitted in an application described in subsection
12 (a) shall be subject to verification through an audit au-
13 thorized in subsection (a)(2). If the Director finds that
14 an applicant has knowingly provided false information in
15 such an application for a particular year the Director shall
16 disqualify the applicant from consideration for an Award
17 for that year and the 2 subsequent years.

18 (d) SELECTION OF APPLICANTS TO RECEIVE
19 AWARDS AND CERTIFICATES.—

20 (1) AWARDS.—The Secretary or the President
21 shall confer an Award on an applicant only if the ap-
22 plicant qualifies for an Award under subsection (a)
23 and only after reviewing the recommendations of the
24 Board under section 4306(b).

1 (2) CERTIFICATES.—The Secretary or the
2 President shall confer a Certificate on an applicant
3 that qualifies for an Award under subsection (a) but
4 is not selected to receive an Award under paragraph
5 (1).

6 **SEC. 4308. REPORTING REQUIREMENTS.**

7 (a) INFORMATION TO APPLICANTS.—The Director
8 shall ensure that all applicants under section 4307(a) re-
9 ceive the complete results of their audits under section
10 4307(a) as well as detailed explanations of decisions re-
11 garding their applications. The Director shall also provide,
12 to all applicants and to other appropriate groups, informa-
13 tion about the Awards made to successful applicants.

14 (b) REPORT TO CONGRESS.—Not later than 3 years
15 after the date of enactment of this subtitle, the Director
16 shall prepare and submit to the President and the appro-
17 priate committees of Congress, a report on the progress
18 made through, and the findings and conclusions resulting
19 from, activities conducted pursuant to this subtitle, along
20 with recommendations for possible modifications of the
21 subtitle.

1 **TITLE V—HELPING WORKERS**
 2 **AND COMMUNITIES HARMED**
 3 **BY TRADE**

4 **Subtitle A—Wage Insurance Pro-**
 5 **gram and Improvement of Cred-**
 6 **it for Health Insurance Costs for**
 7 **Eligible Individuals**

8 **SEC. 5101. WAGE INSURANCE FOR QUALIFYING DISPLACED**
 9 **WORKERS UPON REEMPLOYMENT.**

10 (a) IN GENERAL.—Section 246 of the Trade Act of
 11 1974 (19 U.S.C. 2318) is amended to read as follows:

12 **“SEC. 246. WAGE INSURANCE FOR DISPLACED WORKERS.**

13 **“(a) IN GENERAL.—**

14 **“(1) ESTABLISHMENT.—**The Secretary shall es-
 15 tablish a wage insurance program for displaced
 16 workers that provides the benefits described in para-
 17 graph (2).

18 **“(2) BENEFITS.**

19 **“(A) PAYMENTS.—**A State shall use the
 20 funds provided to the State under section 241
 21 to pay, for a period not to exceed 2 years, to
 22 a worker described in paragraph (3)(B), 50 per-
 23 cent of the difference between—

24 **“(i) the wages received by the worker**
 25 **from reemployment; and**

1 “(ii) the wages received by the worker
2 at the time of separation.

3 “(B) HEALTH INSURANCE.—A worker de-
4 scribed in paragraph (3)(B) participating in the
5 program established under paragraph (1) is eli-
6 gible to receive, for a period not to exceed 2
7 years, a credit for health insurance costs under
8 section 35 of the Internal Revenue Code of
9 1986.

10 “(3) ELIGIBILITY.—

11 “(A) FIRM ELIGIBILITY.—

12 “(i) IN GENERAL.—The Secretary
13 shall provide the opportunity for a group
14 of workers on whose behalf a petition is
15 filed under section 221 to request that the
16 group of workers be certified for the wage
17 insurance program under this section at
18 the time the petition is filed.

19 “(ii) CRITERIA.—In determining
20 whether to certify a group of workers as el-
21 igible for the wage insurance program, the
22 Secretary shall consider the following cri-
23 teria:

1 “(I) Whether the workers in the
2 workers’ firm possess skills that are
3 not easily transferable.

4 “(II) The competitive conditions
5 within the workers’ industry.

6 “(iii) DEADLINE.—The Secretary
7 shall determine whether the workers in the
8 group are eligible for the wage insurance
9 program by the date specified in section
10 223(a).

11 “(B) INDIVIDUAL ELIGIBILITY.—A worker
12 in the group that the Secretary has certified as
13 eligible for the wage insurance program may
14 elect to receive benefits under the wage insur-
15 ance program if the worker—

16 “(i) is covered by a certification under
17 subchapter A of this chapter;

18 “(ii) obtains reemployment not more
19 than 26 weeks after the date of separation
20 from the adversely affected employment;
21 and

22 “(iii) is at least 50 years of age;

23 “(iv) is employed on a full-time basis
24 as defined by State law in the State in
25 which the worker is employed; and

1 “(v) does not return to the employ-
2 ment from which the worker was sepa-
3 rated.

4 “(4) TOTAL AMOUNT OF PAYMENTS.—The pay-
5 ments described in paragraph (2)(A) made to a
6 worker may not exceed \$20,000 per worker during
7 the 2-year eligibility period.

8 “(b) LIMITATION ON OTHER BENEFITS.—

9 “(1) IN GENERAL.—Except as provided in para-
10 graph (2) and subsection (a)(2)(B), if a worker is
11 receiving payments pursuant to the program estab-
12 lished under subsection (a)(1), the worker shall not
13 be eligible to receive any other benefits under this
14 title.

15 “(2) TRAINING SERVICES.—Notwithstanding
16 subsection (a)(1)(A) of section 236, a worker who is
17 receiving payments pursuant to the program estab-
18 lished under subsection (a)(1) is eligible to receive
19 training under section 236 if the Secretary deter-
20 mines that—

21 “(A) the provision of such training, con-
22 sistent with the worker’s full-time employment,
23 will assist the worker in securing more suitable
24 employment; and

1 “(B) the other requirements under sub-
2 section (a)(1) of section 236 are met.”.

3 (b) CONFORMING AMENDMENT.—The table of con-
4 tents for title II of the Trade Act of 1974 is amended
5 by striking the item relating to section 246 and inserting
6 the following:

 “Sec. 246. Wage insurance for displaced workers.”.

7 (c) EFFECTIVE DATE.—

8 (1) IN GENERAL.—The amendments made by
9 this section shall apply to workers certified as eligi-
10 ble for adjustment assistance under chapter 2 of
11 title II of the Trade Act of 1974 on or after the date
12 of the enactment of this Act.

13 (2) INCREASED TOTAL AMOUNT OF PAYMENTS
14 AND TRAINING SERVICES FOR INDIVIDUALS CUR-
15 RENTLY RECEIVING PAYMENTS.—Subsections (a)(4)
16 and (b)(2) of section 246 of the Trade Act of 1974
17 (19 U.S.C. 2318), as amended by subsection (a),
18 shall apply with respect to a worker receiving pay-
19 ments under the program under such section 246 on
20 the day before the date of the enactment of this Act
21 for the duration of such worker’s eligibility period
22 under such program.

23 **SEC. 5102. IMPROVEMENT OF THE AFFORDABILITY OF THE**
24 **CREDIT FOR HEALTH INSURANCE COSTS.**

25 (a) IMPROVEMENT OF AFFORDABILITY.—

1 (1) IN GENERAL.—Section 35(a) of the Inter-
2 nal Revenue Code of 1986 (relating to credit for
3 health insurance costs of eligible individuals) is
4 amended to read as follows:

5 “(a) AMOUNT OF CREDIT.—

6 “(1) IN GENERAL.—In the case of an indi-
7 vidual, there shall be allowed as a credit against the
8 tax imposed by subtitle A an amount equal to the
9 greater of—

10 “(A) 95 percent of the amount paid by the
11 taxpayer for coverage of the taxpayer and quali-
12 fying family members under qualified health in-
13 surance for eligible coverage months beginning
14 in the taxable year; and

15 “(B) an amount equal to the excess of—

16 “(i) the amount paid by the taxpayer
17 for coverage of the taxpayer and qualifying
18 family members under qualified health in-
19 surance for eligible coverage months begin-
20 ning in the taxable year, over

21 “(ii) an amount equal to 5 percent of
22 the taxpayer’s certified income (as deter-
23 mined under subsection (g)(9)) for such
24 taxable year.”.

1 (2) CONFORMING AMENDMENT.—Section
 2 7527(b) of such Code (relating to advance payment
 3 of credit for health insurance costs of eligible indi-
 4 viduals) is amended by striking “65 percent of the
 5 amount” and all that follows through the period at
 6 the end and inserting “the amount determined
 7 under section 35(a) for such taxable year.”.

8 (b) DETERMINATION OF CERTIFIED INCOME.—Sec-
 9 tion 35(g) of such Code (relating to special rules), is
 10 amended—

11 (1) by redesignating paragraph (9) as para-
 12 graph (10), and

13 (2) by inserting after paragraph (8) the fol-
 14 lowing new paragraph:

15 “(9) CERTIFIED INCOME.—

16 “(A) IN GENERAL.—The Secretary shall
 17 enter into agreements with States to determine
 18 an individual’s certified income for purposes of
 19 subsection (a)(1)(B)(ii) for any taxable year.

20 “(B) REQUIREMENTS.—An agreement
 21 under subparagraph (A) with a State shall—

22 “(i) permit an individual to complete
 23 an application for certification of income
 24 for a taxable year (in such form and man-

ner as the Secretary shall determine) and
to submit the application to the State,

“(ii) require the State to determine
the individual’s income for the taxable year
on the basis of the individual’s monthly
family income as of the month preceding
the month in which the application is sub-
mitted, and

“(iii) require the State to issue a cer-
tification of income to the individual upon
receipt of an application under clause (i),
which shall apply for purposes of deter-
mining the taxpayer’s certified income for
purposes of subsection (a)(1)(B)(ii) for the
taxable year unless the State determines
upon completion of the processing of the
application that the certification is erro-
neous.

“(C) NOTIFICATION OF CHANGE IN IN-
COME.—An individual issued a certification of
income shall notify the State of any substantial
change in income that applies for at least 60
days and the taxpayer’s certified income for the
taxable year shall be adjusted accordingly. An
individual who fails to so notify the State shall

1 remit the difference (if any) between the
 2 amount described in subsection (a)(1)(A) for
 3 the taxable year and the amount described in
 4 subsection (a)(1)(B), plus interest at the under-
 5 payment rate established under section 6621.”.

6 (c) EFFECTIVE DATE.—The amendments made by
 7 this section apply to taxable years beginning after Decem-
 8 ber 31, 2005.

9 **SEC. 5103. 100 PERCENT CREDIT AND PAYMENT FOR**
 10 **MONTHLY PREMIUMS PAID PRIOR TO CER-**
 11 **TIFICATION OF ELIGIBILITY FOR THE CRED-**
 12 **IT.**

13 (a) IN GENERAL.—Subsection (a) of section 35 of the
 14 Internal Revenue Code of 1986, as amended by section
 15 5102(a)(1), is amended by adding at the end the following
 16 new paragraph:

17 “(2) 100 PERCENT CREDIT FOR MONTHS PRIOR
 18 TO ISSUANCE OF ELIGIBILITY CERTIFICATE.—The
 19 amount allowed as a credit against the tax imposed
 20 by subtitle A shall be equal to 100 percent in the
 21 case of the taxpayer’s first eligible coverage months
 22 occurring prior to the issuance of a qualified health
 23 insurance costs credit eligibility certificate.”.

24 (b) PAYMENT FOR PREMIUMS DUE PRIOR TO CER-
 25 TIFICATION OF ELIGIBILITY FOR THE CREDIT.—Section

1 7527 of the Internal Revenue Code of 1986 (relating to
2 advance payment of credit for health insurance costs of
3 eligible individuals) is amended by adding at the end the
4 following new subsection:

5 “(e) PAYMENT FOR PREMIUMS DUE PRIOR TO
6 ISSUANCE OF CERTIFICATE.—The program established
7 under subsection (a) shall provide—

8 “(1) that the Secretary shall make payments on
9 behalf of a certified individual of an amount equal
10 to 100 percent of the premiums for coverage of the
11 taxpayer and qualifying family members under quali-
12 fied health insurance for eligible coverage months
13 (as defined in section 35(b)) occurring prior to the
14 issuance of a qualified health insurance costs credit
15 eligibility certificate; and

16 “(2) that any payments made under paragraph
17 (1) shall not be included in the gross income of the
18 taxpayer on whose behalf such payments were
19 made.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to months beginning after the date
22 of the enactment of this Act in taxable years ending after
23 such date.

1 **SEC. 5104. ELIGIBILITY FOR CERTAIN PENSION PLAN RE-**
 2 **CIPIENTS; PRESUMPTIVE ELIGIBILITY.**

3 (a) ELIGIBILITY FOR CERTAIN PENSION PLAN RE-
 4 CIPIENTS.—Subsection (c) of section 35 of the Internal
 5 Revenue Code of 1986 is amended—

6 (1) in paragraph (1)—

7 (A) in subparagraph (B), by striking
 8 “and” at the end;

9 (B) in subparagraph (C), by striking the
 10 period and inserting “, and”; and

11 (C) by adding at the end the following:

12 “(D) an eligible multiemployer pension
 13 participant.”; and

14 (2) by adding at the end the following new
 15 paragraph:

16 “(5) ELIGIBLE MULTIEMPLOYER PENSION RE-
 17 CIPIENT.—The term ‘eligible multiemployer pension
 18 recipient’ means, with respect to any month, any in-
 19 dividual—

20 “(A) who has attained age 55 as of the
 21 first day of such month,

22 “(B) who is receiving a benefit from a
 23 multiemployer plan (as defined in section
 24 3(37)(A) of the Employee Retirement Income
 25 Security Act of 1974), and

1 “(C) whose former employer has with-
 2 drawn from such multiemployer plan pursuant
 3 to section 4203(a) of such Act.”.

4 (b) PRESUMPTIVE ELIGIBILITY FOR PETITIONERS
 5 FOR TRADE ADJUSTMENT ASSISTANCE.—Subsection (c)
 6 of section 35 of the Internal Revenue Code of 1986, as
 7 amended by subsection (a), is amended by adding at the
 8 end the following new paragraph:

9 “(6) PRESUMPTIVE STATUS AS A TAA RECIPI-
 10 ENT.—The term ‘eligible individual’ shall include
 11 any individual who is covered by a petition filed with
 12 the Secretary of Labor under section 221 of the
 13 Trade Act of 1974. This paragraph shall apply to
 14 any individual only with respect to months which—

15 “(A) end after the date that such petition
 16 is so filed, and

17 “(B) begin before the earlier of—

18 “(i) the 90th day after the date of fil-
 19 ing of such petition, or

20 “(ii) the date on which the Secretary
 21 of Labor makes a final determination with
 22 respect to such petition.”.

23 (c) CONFORMING AMENDMENTS.—

24 (1) Paragraph (1) of section 7527(d) of such
 25 Code is amended by striking “or an eligible alter-

1 native TAA recipient (as defined in section
 2 35(c)(3))” and inserting “, an eligible alternative
 3 TAA recipient (as defined in section 35(c)(3)), an el-
 4 igible multiemployer pension recipient (as defined in
 5 section 35(c)(5), or an individual who is an eligible
 6 individual by reason of section 35(c)(6))”.

7 (2) Section 173(f)(4) of the Workforce Invest-
 8 ment Act of 1998 (29 U.S.C. 2918(f)(4)) is amend-
 9 ed—

10 (A) in subparagraph (B), by striking
 11 “and” at the end; and

12 (B) by inserting after subparagraph (C),
 13 the following new subparagraphs:

14 “(D) an eligible multiemployer pension re-
 15 cipient (as defined in section 35(c)(5) of the In-
 16 ternal Revenue Code of 1986), and

17 “(E) an individual who is an eligible indi-
 18 vidual by reason of section 35(c)(6) of the In-
 19 ternal Revenue Code of 1986,”.

20 (d) TECHNICAL AMENDMENT CLARIFYING ELIGI-
 21 BILITY OF CERTAIN DISPLACED WORKERS RECEIVING A
 22 BENEFIT UNDER A DEFINED BENEFIT PENSION
 23 PLAN.—The first sentence of section 35(c)(2) of the Inter-
 24 nal Revenue Code of 1986 is amended by inserting before
 25 the period the following: “, and shall include any such in-

1 individual who would be eligible to receive such an allowance
 2 but for the fact that the individual is receiving a benefit
 3 under a defined benefit plan (as defined in section 3(35)
 4 of the Employee Retirement Income Security Act of
 5 1974).”.

6 (e) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to months beginning after the date
 8 of the enactment of this Act in taxable years ending after
 9 such date.

10 **SEC. 5105. CLARIFICATION OF 3-MONTH CREDITABLE COV-**
 11 **ERAGE REQUIREMENT.**

12 (a) IN GENERAL.—Clause (i) of section 35(e)(2)(B)
 13 of the Internal Revenue Code of 1986 (defining qualifying
 14 individual) is amended by inserting “(prior to the employ-
 15 ment separation necessary to attain the status of an eligi-
 16 ble individual)” after “9801(c)”.

17 (b) CONFORMING AMENDMENT.—Section
 18 173(f)(2)(B)(ii)(I) of the Workforce Investment Act of
 19 1998 (29 U.S.C. 2918(f)(2)(B)(ii)(I)) is amended by in-
 20 serting “(prior to the employment separation necessary to
 21 attain the status of an eligible individual)” after “1986”.

22 (c) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply to months beginning after the date
 24 of the enactment of this Act in taxable years ending after
 25 such date.

1 **SEC. 5106. TAA PRE-CERTIFICATION PERIOD RULE FOR**
 2 **PURPOSES OF DETERMINING WHETHER**
 3 **THERE IS A 63-DAY LAPSE IN CREDITABLE**
 4 **COVERAGE.**

5 (a) ERISA AMENDMENT.—Section 701(c)(2) of the
 6 Employee Retirement Income Security Act of 1974 (29
 7 U.S.C. 1181(c)(2)) is amended by adding at the end the
 8 following new subparagraph:

9 “(C) TAA-ELIGIBLE INDIVIDUALS.—

10 “(i) TAA PRE-CERTIFICATION PERIOD
 11 RULE.—In the case of a TAA-eligible indi-
 12 vidual, the period beginning on the date
 13 the individual has a TAA-related loss of
 14 coverage and ending on the date that is 5
 15 days after the postmark date of the notice
 16 by the Secretary (or by any person or enti-
 17 ty designated by the Secretary) that the
 18 individual is eligible for a qualified health
 19 insurance costs credit eligibility certificate
 20 for purposes of section 7527 of the Inter-
 21 nal Revenue Code of 1986 shall not be
 22 taken into account in determining the con-
 23 tinuous period under subparagraph (A).

24 “(ii) DEFINITIONS.—The terms ‘TAA-
 25 eligible individual’, and ‘TAA-related loss

1 of coverage’ have the meanings given such
 2 terms in section 605(b)(4).”.

3 (b) PHSA AMENDMENT.—Section 2701(c)(2) of the
 4 Public Health Service Act (42 U.S.C. 300gg(c)(2)) is
 5 amended by adding at the end the following new subpara-
 6 graph:

7 “(C) TAA-ELIGIBLE INDIVIDUALS.—

8 “(i) TAA PRE-CERTIFICATION PERIOD
 9 RULE.—In the case of a TAA-eligible indi-
 10 vidual, the period beginning on the date
 11 the individual has a TAA-related loss of
 12 coverage and ending on the date that is 5
 13 days after the postmark date of the notice
 14 by the Secretary (or by any person or enti-
 15 ty designated by the Secretary) that the
 16 individual is eligible for a qualified health
 17 insurance costs credit eligibility certificate
 18 for purposes of section 7527 of the Inter-
 19 nal Revenue Code of 1986 shall not be
 20 taken into account in determining the con-
 21 tinuous period under subparagraph (A).

22 “(ii) DEFINITIONS.—The terms ‘TAA-
 23 eligible individual’, and ‘TAA-related loss
 24 of coverage’ have the meanings given such
 25 terms in section 2205(b)(4).”.

1 (c) IRC AMENDMENT.—Section 9801(c)(2) of the In-
 2 ternal Revenue Code of 1986 (relating to not counting pe-
 3 riods before significant breaks in creditable coverage) is
 4 amended by adding at the end the following new subpara-
 5 graph:

6 “(D) TAA-ELIGIBLE INDIVIDUALS.—

7 “(i) TAA PRE-CERTIFICATION PERIOD
 8 RULE.—In the case of a TAA-eligible indi-
 9 vidual, the period beginning on the date
 10 the individual has a TAA-related loss of
 11 coverage and ending on the date which is
 12 5 days after the postmark date of the no-
 13 tice by the Secretary (or by any person or
 14 entity designated by the Secretary) that
 15 the individual is eligible for a qualified
 16 health insurance costs credit eligibility cer-
 17 tificate for purposes of section 7527 shall
 18 not be taken into account in determining
 19 the continuous period under subparagraph
 20 (A).

21 “(ii) DEFINITIONS.—The terms ‘TAA-
 22 eligible individual’, and ‘TAA-related loss
 23 of coverage’ have the meanings given such
 24 terms in section 4980B(f)(5)(C)(iv).”.

1 (d) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to months beginning after the date
 3 of the enactment of this Act in taxable years ending after
 4 such date.

5 **SEC. 5107. CONTINUED QUALIFICATION OF FAMILY MEM-**
 6 **BERS AFTER CERTAIN EVENTS.**

7 (a) IN GENERAL.—Subsection (g) of section 35 of the
 8 Internal Revenue Code of 1986, as amended by section
 9 5102(b), is amended by redesignating paragraph (10) as
 10 paragraph (11) and inserting after paragraph (9) the fol-
 11 lowing new paragraph:

12 “(10) CONTINUED QUALIFICATION OF FAMILY
 13 MEMBERS AFTER CERTAIN EVENTS.—

14 “(A) ELIGIBLE INDIVIDUAL BECOMES
 15 MEDICARE ELIGIBLE.—In the case of a month
 16 which would be an eligible coverage month with
 17 respect to an eligible individual but for sub-
 18 section (f)(2)(A), such month shall be treated
 19 as an eligible coverage month with respect to
 20 any qualifying family member of such eligible
 21 individual (but not with respect to such eligible
 22 individual).

23 “(B) DIVORCE.—In the case of a month
 24 which would be an eligible coverage month with
 25 respect to a former spouse of a taxpayer but for

1 the finalization of a divorce between the spouse
2 and the taxpayer that occurs during the period
3 in which the taxpayer is an eligible individual,
4 such month shall be treated as an eligible cov-
5 erage month with respect to such former
6 spouse.

7 “(C) DEATH.—In the case of a month
8 which would be an eligible coverage month with
9 respect to an eligible individual but for the
10 death of such individual, such month shall be
11 treated as an eligible coverage month with re-
12 spect to any qualifying family of such eligible
13 individual.”.

14 (b) CONFORMING AMENDMENT.—Section 173(f) of
15 the Workforce Investment Act of 1998 (29 U.S.C.
16 2918(f)) is amended by adding at the end the following:

17 “(8) CONTINUED QUALIFICATION OF FAMILY
18 MEMBERS AFTER CERTAIN EVENTS.—

19 “(A) ELIGIBLE INDIVIDUAL BECOMES
20 MEDICARE ELIGIBLE.—In the case of a month
21 which would be an eligible coverage month with
22 respect to an eligible individual but for para-
23 graph (7)(B)(i), such month shall be treated as
24 an eligible coverage month with respect to any
25 qualifying family member of such eligible indi-

1 vidual (but not with respect to such eligible in-
2 dividual).

3 “(B) DIVORCE.—In the case of a month
4 which would be an eligible coverage month with
5 respect to a former spouse of a taxpayer but for
6 the finalization of a divorce between the spouse
7 and the taxpayer that occurs during the period
8 in which the taxpayer is an eligible individual,
9 such month shall be treated as an eligible cov-
10 erage month with respect to such former
11 spouse.

12 “(C) DEATH.—In the case of a month
13 which would be an eligible coverage month with
14 respect to an eligible individual but for the
15 death of such individual, such month shall be
16 treated as an eligible coverage month with re-
17 spect to any qualifying family of such eligible
18 individual.

19 “(D) DEFINITION.—In this paragraph, the
20 term ‘eligible coverage month’ means any
21 month if—

22 “(i) as of the first day of such month,
23 the taxpayer involved—

24 “(I) is an eligible individual;

1 “(II) is covered by qualified
2 health insurance, the premium for
3 which is paid by the taxpayer;

4 “(III) does not have other speci-
5 fied coverage; and

6 “(IV) is not imprisoned under
7 Federal, State, or local authority; and

8 “(ii) such month begins more than 90
9 days after the date of the enactment of the
10 Trade Act of 2002.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to months beginning after the date
13 of the enactment of this Act in taxable years ending after
14 such date.

15 **SEC. 5108. OFFERING OF NATIONAL FALLBACK COVERAGE.**

16 (a) OFFERING OF NATIONAL FALLBACK COV-
17 ERAGE.—

18 (1) IN GENERAL.—The Director of the Office
19 of Personnel Management jointly with the Secretary
20 of the Treasury shall establish a program under
21 which eligible individuals (as defined in section 35(c)
22 of the Internal Revenue Code of 1986) are offered
23 enrollment under health benefit plans that are made
24 available under FEHBP.

1 (2) TERMS AND CONDITIONS.—The terms and
2 conditions of health benefits plans under paragraph
3 (1) shall be the same as the terms and coverage of-
4 fered under FEHBP, except that the premium
5 charged for such health benefit plans offered under
6 such paragraph—

7 (A) shall be equal to the full premium (in-
8 cluding both employer and beneficiary share)
9 charged for such coverage determined in the
10 same manner, subject to subparagraph (B), it
11 is determined for full-time employees; and

12 (B) shall be determined for the pool of in-
13 dividuals covered under this subsection, sepa-
14 rately from the pool of individuals otherwise
15 covered under FEHBP.

16 (3) STUDY.—The Director of the Office of Per-
17 sonnel Management jointly with the Secretary of the
18 Treasury shall conduct a study of the impact of the
19 offering of health benefit plans under this subsection
20 on the terms and conditions, including premiums,
21 for health benefit plans offered under FEHBP and
22 shall submit to Congress, not later than 2 years
23 after the date of the enactment of this Act, a report
24 on such study. Such report may contain such rec-
25 ommendations regarding the establishment of sepa-

1 rate risk pools for individuals covered under
 2 FEHBP and eligible individuals covered this sub-
 3 section as may be appropriate to protect the inter-
 4 ests of individuals covered under FEHBP.

5 (4) FEHBP DEFINED.—For purposes of this
 6 subsection, the term “FEHBP” means the Federal
 7 Employees Health Benefits Program offered under
 8 chapter 89 of title 5, United States Code.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Paragraph (1) of section 35(e) of the Inter-
 11 nal Revenue Code of 1986 is amended by inserting
 12 after subparagraph (J) the following new subpara-
 13 graph:

14 “(K) Coverage under a health benefits plan
 15 offered under section 5108(a)(1) of Right Time
 16 to Reinvest in America’s Competitiveness and
 17 Knowledge Act.”.

18 (2) Section 173(f)(2)(A) of the Workforce In-
 19 vestment Act of 1998 (29 U.S.C. 2918(f)(2)(A)) is
 20 amended by inserting after clause (x) the following
 21 new clause:

22 “(xi) Coverage under a health benefits
 23 plan offered under section 5108(a)(1) of
 24 Right Time to Reinvest in America’s Com-
 25 petitiveness and Knowledge Act.”.

1 **SEC. 5109. ADDITIONAL REQUIREMENTS FOR INDIVIDUAL**
2 **HEALTH INSURANCE COSTS.**

3 (a) IN GENERAL.—Subparagraph (A) of section
4 35(e)(2) of the Internal Revenue Code of 1986 is amended
5 by striking “subparagraphs (B) through (H) of paragraph
6 (1)” and inserting “paragraph (1) (other than subpara-
7 graphs (A), (I), and (K) thereof)”.

8 (b) RATING SYSTEM REQUIREMENT.—Subparagraph
9 (J) of section 35(e)(1) of such Code is amended by adding
10 at the end the following: “For purposes of this subpara-
11 graph and clauses (ii), (iii), and (iv) of subparagraph (F),
12 such term does not include any insurance unless the pre-
13 miums for such insurance are restricted based on a com-
14 munity rating system (determined other than on the basis
15 of age).”.

16 (c) CLARIFICATION OF CONGRESSIONAL INTENT TO
17 LIMIT USE OF INDIVIDUAL HEALTH INSURANCE COV-
18 ERAGE OPTION.—Section 35(e)(1)(J) (relating to quali-
19 fied health insurance) is amended in the matter preceding
20 clause (i), by inserting “, but only” after “coverage under
21 individual health insurance”.

22 (d) CONFORMING AMENDMENTS.—Section 173(f)(2)
23 of the Workforce Investment Act of 1998 (29 U.S.C.
24 2918(f)(2)) is amended—

25 (1) in subparagraph (A)(x)—

1 (A) in the matter preceding subclause (I),
 2 by inserting “, but only” after “under indi-
 3 vidual health insurance” the first place it ap-
 4 pears; and

5 (B) by adding at the end the following:
 6 “For purposes of this clause, such term does
 7 not include any insurance unless the premiums
 8 for such insurance are restricted based on a
 9 community rating system (determined other
 10 than on the basis of age).”; and

11 (2) in subparagraph (B)(i), by striking “clauses
 12 (ii) through (viii) of subparagraph (A)” and insert-
 13 ing “subparagraph (A) (other than clauses (i), (x),
 14 and (xi) of such subparagraph)”.

15 **SEC. 5110. ALIGNMENT OF COBRA COVERAGE WITH TAA PE-**
 16 **RIOD FOR TAA-ELIGIBLE INDIVIDUALS.**

17 (a) ERISA.—Section 605(b) of the Employee Retire-
 18 ment Income Security Act of 1974 (29 U.S.C. 1165(b))
 19 is amended—

20 (1) in the subsection heading, by inserting
 21 “AND COVERAGE” after “ELECTION”; and

22 (2) in paragraph (2)—

23 (A) in the paragraph heading, by inserting
 24 “AND PERIOD” after “COMMENCEMENT”;

1 (B) by striking “and shall” and inserting
 2 “, shall”; and

3 (C) by inserting “, and in no event shall
 4 the maximum period required under section
 5 602(2)(A) be less than the period during which
 6 the individual is a TAA-eligible individual” be-
 7 fore the period at the end.

8 (b) INTERNAL REVENUE CODE OF 1986.—Section
 9 4980B(f)(5)(C) of the Internal Revenue Code of 1986 is
 10 amended—

11 (1) in the subparagraph heading, by inserting
 12 “AND COVERAGE” after “ELECTION”; and

13 (2) in clause (ii)—

14 (A) in the clause heading, by inserting
 15 “AND PERIOD” after “COMMENCEMENT”;

16 (B) by striking “and shall” and inserting
 17 “, shall”; and

18 (C) by inserting “, and in no event shall
 19 the maximum period required under paragraph
 20 (2)(B)(i) be less than the period during which
 21 the individual is a TAA-eligible individual” be-
 22 fore the period at the end.

23 (c) PUBLIC HEALTH SERVICE ACT.—Section
 24 2205(b) of the Public Health Service Act (42 U.S.C.
 25 300bb–5(b)) is amended—

1 (1) in the subsection heading, by inserting
 2 “AND COVERAGE” after “ELECTION”; and

3 (2) in paragraph (2)—

4 (A) in the paragraph heading, by inserting
 5 “AND PERIOD” after “COMMENCEMENT”;

6 (B) by striking “and shall” and inserting
 7 “, shall”; and

8 (C) by inserting “, and in no event shall
 9 the maximum period required under section
 10 2202(2)(A) be less than the period during
 11 which the individual is a TAA-eligible indi-
 12 vidual” before the period at the end.

13 **SEC. 5111. NOTICE REQUIREMENTS.**

14 Section 7527 of the Internal Revenue Code of 1986
 15 (relating to advance payment of credit for health insur-
 16 ance costs of eligible individuals), as amended by section
 17 5103(b), is amended by adding at the end the following
 18 new subsection:

19 “(f) INCLUSION OF CERTAIN INFORMATION.—The
 20 notice by the Secretary (or by any person or entity des-
 21 ignated by the Secretary) that an individual is eligible for
 22 a qualified health insurance costs credit eligibility certifi-
 23 cate shall include—

24 “(1) the name, address, and telephone number
 25 of the State office or offices responsible for deter-

1 mining that the individual is eligible for such certifi-
2 cate and for providing the individual with assistance
3 with enrollment in qualified health insurance (as de-
4 fined in section 35(e)),

5 “(2) a list of the coverage options that are
6 treated as qualified health insurance (as so defined)
7 by the State in which the individual resides, and

8 “(3) in the case of a TAA-eligible individual (as
9 defined in section 4980B(f)(5)(C)(iv)(II)), a state-
10 ment informing the individual that the individual
11 has 63 days from the date that is 5 days after the
12 postmark date of such notice to enroll in such insur-
13 ance without a lapse in creditable coverage (as de-
14 fined in section 9801(c)).”.

15 **SEC. 5112. ANNUAL REPORT ON ENHANCED TAA BENEFITS.**

16 Not later than October 1 of each year (beginning in
17 2007) the Secretary of the Treasury, after consultation
18 with the Secretary of Labor, shall report to the Committee
19 on Finance and the Committee on Health, Education,
20 Labor, and Pensions of the Senate and the Committee on
21 Ways and Means and the Committee on Education and
22 the Workforce of the House of Representatives the fol-
23 lowing information with respect to the most recent taxable
24 year ending before such date:

1 (1) The total number of participants utilizing
2 the health insurance tax credit under section 35 of
3 the Internal Revenue Code of 1986, including a
4 measurement of such participants identified—

5 (A) by State, and

6 (B) by coverage under COBRA continu-
7 ation provisions (as defined in section
8 9832(d)(1) of such Code) and by non-COBRA
9 coverage (further identified by group and indi-
10 vidual market).

11 (2) The range of monthly health insurance pre-
12 miums offered and the average and median monthly
13 health insurance premiums offered to TAA-eligible
14 individuals (as defined in section
15 4980B(f)(5)(C)(iv)(II) of such Code) under COBRA
16 continuation provisions (as defined in section
17 9832(d)(1) of such Code), State-based continuation
18 coverage provided under a State law that requires
19 such coverage, and each category of coverage de-
20 scribed in section 35(e)(1) of such Code, identified
21 by State and by the actuarial value of such coverage
22 and the specific benefits provided and cost-sharing
23 imposed under such coverage.

24 (3) The number of States applying for and re-
25 ceiving national emergency grants under section

1 173(f) of the Workforce Investment Act of 1998 (29
2 U.S.C. 2918(f)) and the time necessary for applica-
3 tion approval of such grants.

4 (4) The cost of administering the health credit
5 program under section 35 of such Code, by function,
6 including the cost of subcontractors.

7 **SEC. 5113. EXTENSION OF NATIONAL EMERGENCY GRANTS.**

8 (a) IN GENERAL.—Section 173(f) of the Workforce
9 Investment Act of 1998 (29 U.S.C. 2918(f)) is amended—
10 (1) by striking paragraph (1) and inserting the
11 following new paragraph:

12 “(1) USE OF FUNDS.—

13 “(A) HEALTH INSURANCE COVERAGE FOR
14 ELIGIBLE INDIVIDUALS IN ORDER TO OBTAIN
15 QUALIFIED HEALTH INSURANCE THAT HAS
16 GUARANTEED ISSUE AND OTHER CONSUMER
17 PROTECTIONS.—Funds made available to a
18 State or entity under paragraph (4)(A) of sub-
19 section (a) shall be used to provide an eligible
20 individual and such individual’s qualifying fam-
21 ily members with health insurance coverage for
22 the 3-month period that immediately precedes
23 the first eligible coverage month (as defined in
24 section 35(b) of the Internal Revenue Code of
25 1986) in which such eligible individual and such

1 individual's qualifying family members are cov-
2 ered by qualified health insurance that meets
3 the requirements described in clauses (i)
4 through (iv) of section 35(e)(2)(A) of the Inter-
5 nal Revenue Code of 1986 (or such longer min-
6 imum period as is necessary in order for such
7 eligible individual and such individual's quali-
8 fying family members to be covered by qualified
9 health insurance that meets such requirements).

10 “(B) ADDITIONAL USES.—Funds made
11 available to a State or entity under paragraph
12 (4)(A) of subsection (a) may be used by the
13 State or entity for the following:

14 “(i) HEALTH INSURANCE COV-
15 ERAGE.—To assist an eligible individual
16 and such individual's qualifying family
17 members with enrolling in health insurance
18 coverage and qualified health insurance or
19 paying premiums for such coverage or in-
20 surance.

21 “(ii) ADMINISTRATIVE EXPENSES AND
22 START-UP EXPENSES TO ESTABLISH
23 GROUP HEALTH PLAN COVERAGE OPTIONS
24 FOR QUALIFIED HEALTH INSURANCE.—To
25 pay the administrative expenses related to

1 the enrollment of eligible individuals and
2 such individuals' qualifying family mem-
3 bers in health insurance coverage and
4 qualified health insurance, including ex-
5 penses incurred for—

6 “(I) eligibility verification activi-
7 ties;

8 “(II) the notification of eligible
9 individuals of available health insur-
10 ance and qualified health insurance
11 options;

12 “(III) processing qualified health
13 insurance costs credit eligibility cer-
14 tificates provided for under section
15 7527 of the Internal Revenue Code of
16 1986;

17 “(IV) providing assistance to eli-
18 gible individuals in enrolling in health
19 insurance coverage and qualified
20 health insurance;

21 “(V) the development or installa-
22 tion of necessary data management
23 systems; and

24 “(VI) any other activities deter-
25 mined appropriate by the Secretary,

1 including start-up costs and ongoing
2 administrative expenses, in order for
3 the State to treat the coverage de-
4 scribed in subparagraph (C), (D), (E),
5 or (F)(i) of section 35(e)(1) of the In-
6 ternal Revenue Code of 1986, or, only
7 if the coverage is under a group
8 health plan, the coverage described in
9 subparagraph (F)(ii), (F)(iii), (F)(iv),
10 (G), or (H) of such section, as quali-
11 fied health insurance under that sec-
12 tion.

13 “(iii) OUTREACH.—To pay for out-
14 reach to eligible individuals to inform such
15 individuals of available health insurance
16 and qualified health insurance options, in-
17 cluding outreach consisting of notice to eli-
18 gible individuals of such options made
19 available after the date of the enactment of
20 this clause and direct assistance to help
21 potentially eligible individuals and such in-
22 dividual’s qualifying family members qual-
23 ify and remain eligible for the credit estab-
24 lished under section 35 of the Internal
25 Revenue Code of 1986 and advance pay-

1 ment of such credit under section 7527 of
2 such Code.

3 “(iv) BRIDGE FUNDING.—To assist
4 potentially eligible individuals to purchase
5 qualified health insurance coverage prior to
6 issuance of a qualified health insurance
7 costs credit eligibility certificate under sec-
8 tion 7527 of the Internal Revenue Code of
9 1986 and commencement of advance pay-
10 ment, and receipt of expedited payment,
11 under subsections (a) and (e), respectively,
12 of that section.

13 “(C) RULE OF CONSTRUCTION.—The in-
14 clusion of a permitted use under this paragraph
15 shall not be construed as prohibiting a similar
16 use of funds permitted under subsection (g).”;
17 and

18 (2) by striking paragraph (2) and inserting the
19 following new paragraph:

20 “(2) QUALIFIED HEALTH INSURANCE.—For
21 purposes of this subsection and subsection (g), the
22 term ‘qualified health insurance’ has the meaning
23 given that term in section 35(e) of the Internal Rev-
24 enue Code of 1986.”.

1 (b) FUNDING.—Section 174(c)(1) of the Workforce
 2 Investment Act of 1998 (29 U.S.C. 2919(c)(1)) is amend-
 3 ed—

4 (1) in the paragraph heading, by striking “AU-
 5 THORIZATION AND APPROPRIATION FOR FISCAL
 6 YEAR 2002” and inserting “APPROPRIATIONS”; and

7 (2) by striking subparagraph (A) and inserting
 8 the following new subparagraph:

9 “(A) to carry out subsection (a)(4)(A) of
 10 section 173—

11 “(i) \$10,000,000 for fiscal year 2002;
 12 and

13 “(ii) \$300,000,000 for the period of
 14 fiscal years 2007 through 2009; and”.

15 (c) REPORT REGARDING FAILURE TO COMPLY WITH
 16 REQUIREMENTS FOR EXPEDITED APPROVAL PROCE-
 17 DURES.—Section 173(f) of the Workforce Investment Act
 18 of 1998 (29 U.S.C. 2918(f)), as amended by section
 19 5107(b), is amended by adding at the end the following
 20 new paragraph:

21 “(9) REPORT FOR FAILURE TO COMPLY WITH
 22 REQUIREMENTS FOR EXPEDITED APPROVAL PROCE-
 23 DURES.—If the Secretary fails to make the notifica-
 24 tion required under clause (i) of paragraph (3)(A)
 25 within the 15-day period required under that clause,

1 or fails to provide the technical assistance required
 2 under clause (ii) of such paragraph within a timely
 3 manner so that a State or entity may submit an ap-
 4 proved application within 2 months of the date on
 5 which the State or entity’s previous application was
 6 disapproved, the Secretary shall submit a report to
 7 Congress explaining such failure.”.

8 (d) TECHNICAL AMENDMENT.—Effective as if in-
 9 cluded in the enactment of the Trade Act of 2002 (Public
 10 Law 107–210; 116 Stat. 933), subsection (f) of section
 11 203 of that Act is repealed.

12 **Subtitle B—Modernization of Trade**
 13 **Adjustment Assistance**
 14 **CHAPTER 1—SERVICE WORKERS AND**
 15 **FIRMS**

16 **SEC. 5211. SHORT TITLE.**

17 This chapter may be cited as the “Trade Adjustment
 18 Assistance Equity for Service Workers Act of 2006”.

19 **SEC. 5212. EXTENSION OF TRADE ADJUSTMENT ASSIST-**
 20 **ANCE TO SERVICES SECTOR.**

21 (a) ADJUSTMENT ASSISTANCE FOR WORKERS.—Sec-
 22 tion 221(a)(1)(A) of the Trade Act of 1974 (19 U.S.C.
 23 2271(a)(1)(A)) is amended by striking “agricultural
 24 firm)” and inserting “agricultural firm, and workers in

1 a service sector firm or subdivision of a service sector firm
2 or public agency)”.
3

4 (b) GROUP ELIGIBILITY REQUIREMENTS.—Section
5 222 of the Trade Act of 1974 (19 U.S.C. 2272) is amend-
6 ed—

7 (1) in subsection (a)—

8 (A) in the matter preceding paragraph (1),
9 by striking “agricultural firm)” and inserting
10 “agricultural firm, and workers in a service sec-
11 tor firm or subdivision of a service sector firm
12 or public agency)”;

13 (B) in paragraph (1), by inserting “or
14 public agency” after “of the firm”; and

15 (C) in paragraph (2)—

16 (i) in subparagraph (A)(ii), by strik-
17 ing “like or directly competitive with arti-
18 cles produced” and inserting “or services
19 like or directly competitive with articles
20 produced or services provided”; and

21 (ii) by striking subparagraph (B) and
22 inserting the following:

23 “(B)(i) there has been a shift, by such workers’
24 firm, subdivision, or public agency to a foreign coun-
25 try, of production of articles, or in provision of serv-
ices, like or directly competitive with articles which

1 are produced, or services which are provided, by
 2 such firm, subdivision, or public agency; or

3 “(ii) such workers’ firm, subdivision, or public
 4 agency has obtained or is likely to obtain such serv-
 5 ices from a foreign country.”;

6 (2) in subsection (b)—

7 (A) in the matter preceding paragraph (1),
 8 by striking “agricultural firm)” and inserting
 9 “agricultural firm, and workers in a service sec-
 10 tor firm or subdivision of a service sector firm
 11 or public agency)”;

12 (B) in paragraph (2), by inserting “or
 13 service” after “related to the article”; and

14 (C) in paragraph (3)(A), by inserting “or
 15 services” after “component parts”;

16 (3) in subsection (c)—

17 (A) in paragraph (3)—

18 (i) by inserting “or services” after
 19 “value-added production processes”;

20 (ii) by striking “assembly or fin-
 21 ishing” and inserting “assembly, finishing,
 22 or testing”;

23 (iii) by inserting “or services” after
 24 “for articles”; and

1 (iv) by inserting “(or subdivision)”
2 after “such other firm”; and

3 (B) in paragraph (4)—

4 (i) by striking “for articles” and in-
5 serting “, or services, used in the produc-
6 tion of articles or in the provision of serv-
7 ices”; and

8 (ii) by inserting “(or subdivision)”
9 after “such other firm”; and

10 (4) by adding at the end the following new sub-
11 section:

12 “(d) BASIS FOR SECRETARY’S DETERMINATIONS.—

13 “(1) INCREASED IMPORTS.—For purposes of
14 subsection (a)(2)(A)(ii), the Secretary may deter-
15 mine that increased imports of like or directly com-
16 petitive articles or services exist if the workers’ firm
17 or subdivision or customers of the workers’ firm or
18 subdivision accounting for not less than 20 percent
19 of the sales of the workers’ firm or subdivision cer-
20 tify to the Secretary that they are obtaining such ar-
21 ticles or services from a foreign country.

22 “(2) OBTAINING SERVICES ABROAD.—For pur-
23 poses of subsection (a)(2)(B)(ii), the Secretary may
24 determine that the workers’ firm, subdivision, or
25 public agency has obtained or is likely to obtain like

1 or directly competitive services from a firm in a for-
 2 eign country based on a certification thereof from
 3 the workers' firm, subdivision, or public agency.

4 “(3) AUTHORITY OF THE SECRETARY.—The
 5 Secretary may obtain the certifications under para-
 6 graphs (1) and (2) through questionnaires or in
 7 such other manner as the Secretary determines is
 8 appropriate.”.

9 (c) TRAINING.—Section 236(a)(2)(A) of the Trade
 10 Act of 1974 (19 U.S.C. 2296(a)(2)(A)) is amended by
 11 striking “for any fiscal year shall not exceed
 12 \$220,000,000.” and inserting “shall not exceed—

13 “(i) \$440,000,000 in fiscal year 2007;

14 “(ii) \$484,000,000 in fiscal year 2008;

15 “(iii) \$528,000,000 in fiscal year 2009;

16 “(iv) \$572,000,000 in fiscal year 2010;

17 “(v) \$616,000,000 in fiscal year 2011; and

18 “(vi) \$660,000,000 in fiscal year 2012.”.

19 (d) DEFINITIONS.—Section 247 of the Trade Act of
 20 1974 (19 U.S.C. 2319) is amended—

21 (1) in paragraph (1)—

22 (A) by inserting “or public agency” after
 23 “of a firm”; and

24 (B) by inserting “or public agency” after
 25 “or subdivision”;

1 (2) in paragraph (2)(B), by inserting “or public
2 agency” after “the firm”;

3 (3) by redesignating paragraphs (8) through
4 (17) as paragraphs (9) through (18), respectively;
5 and

6 (4) by inserting after paragraph (6) the fol-
7 lowing:

8 “(7) The term ‘public agency’ means a depart-
9 ment or agency of a State or local government or of
10 the Federal Government.

11 “(8) The term ‘service sector firm’ means an
12 entity engaged in the business of providing serv-
13 ices.”.

14 (e) TECHNICAL AMENDMENT.—Section 245(a) of the
15 Trade Act of 1974 (19 U.S.C. 2317(a)) is amended by
16 striking “, other than subchapter D”.

17 **SEC. 5213. TRADE ADJUSTMENT ASSISTANCE FOR FIRMS**
18 **AND INDUSTRIES.**

19 (a) FIRMS.—

20 (1) ASSISTANCE.—Section 251 of the Trade
21 Act of 1974 (19 U.S.C. 2341) is amended—

22 (A) in subsection (a), by inserting “or
23 service sector firm” after “(including any agri-
24 cultural firm”;

25 (B) in subsection (c)(1)—

1 (i) in the matter preceding subpara-
 2 graph (A), by inserting “or service sector
 3 firm” after “(including any agricultural
 4 firm”;

5 (ii) in subparagraph (B)(ii), by insert-
 6 ing “or service” after “of an article”; and

7 (iii) in subparagraph (C), by striking
 8 “articles like or directly competitive with
 9 articles which are produced” and inserting
 10 “articles or services like or directly com-
 11 petitive with articles or services which are
 12 produced or provided”; and

13 (C) by adding at the end the following:

14 “(e) BASIS FOR SECRETARY DETERMINATION.—

15 “(1) INCREASED IMPORTS.—For purposes of
 16 subsection (c)(1)(C), the Secretary may determine
 17 that increases of imports of like or directly competi-
 18 tive articles or services exist if customers accounting
 19 for not less than 20 percent of the sales of the work-
 20 ers’ firm certify to the Secretary that they are ob-
 21 taining such articles or services from a foreign coun-
 22 try.

23 “(2) AUTHORITY OF THE SECRETARY.—The
 24 Secretary may obtain the certifications under para-
 25 graph (1) through questionnaires or in such other

1 manner as the Secretary determines is appropriate.
 2 The Secretary may exercise the authority under sec-
 3 tion 249 in carrying out this subsection.”.

4 (2) AUTHORIZATION OF APPROPRIATIONS.—
 5 Section 256(b) of the Trade Act of 1974 (19 U.S.C.
 6 2346(b)) is amended to read as follows:

7 “(b) There are authorized to be appropriated to the
 8 Secretary \$16,000,000 for each of the fiscal years 2003
 9 through 2005, and \$32,000,000 for each of the fiscal
 10 years 2006 and 2007 to carry out the Secretary’s func-
 11 tions under this chapter in connection with furnishing ad-
 12 justment assistance to firms. Amounts appropriated under
 13 this subsection shall remain available until expended.”.

14 (3) DEFINITIONS.—Section 261 of the Trade
 15 Act of 1974 (19 U.S.C. 2351) is amended to read
 16 as follows:

17 **“SEC. 261. DEFINITIONS.**

18 “For purposes of this chapter:

19 “(1) FIRM.—The term ‘firm’ includes an indi-
 20 vidual proprietorship, partnership, joint venture, as-
 21 sociation, corporation (including a development cor-
 22 poration), business trust, cooperative, trustee in
 23 bankruptcy, and receiver under decree of any court.
 24 A firm, together with any predecessor or successor
 25 firm, or any affiliated firm controlled or substan-

1 tially beneficially owned by substantially the same
 2 persons, may be considered a single firm where nec-
 3 essary to prevent unjustifiable benefits.

4 “(2) SERVICE SECTOR FIRM.—The term ‘service
 5 sector firm’ means a firm engaged in the business
 6 of providing services.”.

7 (b) INDUSTRIES.—Section 265(a) of the Trade Act
 8 of 1974 (19 U.S.C. 2355(a)) is amended by inserting “or
 9 service” after “new product”.

10 **SEC. 5214. MONITORING AND REPORTING.**

11 Section 282 of the Trade Act of 1974 (19 U.S.C.
 12 2393) is amended—

13 (1) in the first sentence—

14 (A) by striking “The Secretary” and in-
 15 serting “(a) MONITORING PROGRAMS.—The
 16 Secretary”;

17 (B) by inserting “and services” after “im-
 18 ports of articles”;

19 (C) by inserting “and domestic provision of
 20 services” after “domestic production”;

21 (D) by inserting “or providing services”
 22 after “producing articles”; and

23 (E) by inserting “, or provision of serv-
 24 ices,” after “changes in production”; and

25 (2) by adding at the end the following:

1 “(b) COLLECTION OF DATA AND REPORTS ON SERV-
2 ICES SECTOR.—

3 “(1) SECRETARY OF LABOR.—Not later than 3
4 months after the date of the enactment of the Trade
5 Adjustment Assistance Equity for Service Workers
6 Act of 2006, the Secretary of Labor shall implement
7 a system to collect data on adversely affected service
8 workers that includes the number of workers by
9 State, industry, and cause of dislocation of each
10 worker.

11 “(2) SECRETARY OF COMMERCE.—Not later
12 than 6 months after such date of enactment, the
13 Secretary of Commerce shall, in consultation with
14 the Secretary of Labor, conduct a study and report
15 to the Congress on ways to improve the timeliness
16 and coverage of data on trade in services, including
17 methods to identify increased imports due to the re-
18 location of United States firms to foreign countries,
19 and increased imports due to United States firms
20 obtaining services from firms in foreign countries.”.

21 **SEC. 5215. EFFECTIVE DATE.**

22 The amendments made by this chapter shall take ef-
23 fect on the date of the enactment of this Act.

1 **CHAPTER 2—EXPANDING TRADE ADJUST-**
2 **MENT ASSISTANCE TO COVER ALL**
3 **COUNTRIES**

4 **SEC. 5221. SHORT TITLE.**

5 This chapter may be cited as the “Workers Equity
6 Act”.

7 **SEC. 5222. SHIFTS IN PRODUCTION.**

8 (a) IN GENERAL.—Section 222(a)(2)(B)(ii)(II) of
9 the Trade Act of 1974 (19 U.S.C. 2272(a)(2)(B)(ii)(II))
10 is amended by inserting before the semicolon the following:
11 “or a country to which the United States has extended
12 permanent normal trade relations”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall take effect on the date of the enactment
15 of this Act.

16 **CHAPTER 3—EXPANDING TRADE ADJUST-**
17 **MENT ASSISTANCE TO COVER COMMU-**
18 **NITIES**

19 **SEC. 5231. PURPOSE.**

20 The purpose of this chapter is to assist communities
21 with economic adjustment through the integration of polit-
22 ical and economic organizations, the coordination of Fed-
23 eral, State, and local resources, the creation of commu-
24 nity-based development strategies, and the provision of
25 economic transition assistance.

1 **SEC. 5232. TRADE ADJUSTMENT ASSISTANCE FOR COMMU-**
 2 **NITIES.**

3 Chapter 4 of title II of the Trade Act of 1974 (19
 4 U.S.C. 2371 et seq.) is amended to read as follows:

5 **“CHAPTER 4—COMMUNITY ECONOMIC**
 6 **ADJUSTMENT**

7 **“SEC. 271. DEFINITIONS.**

8 “In this chapter:

9 “(1) **CIVILIAN LABOR FORCE.**—The term ‘civil-
 10 ian labor force’ has the meaning given that term in
 11 regulations prescribed by the Secretary of Labor.

12 “(2) **COMMUNITY.**—The term ‘community’
 13 means a county or equivalent political subdivision of
 14 a State.

15 “(A) **RURAL COMMUNITY.**—The term
 16 ‘rural community’ means a community that has
 17 a rural-urban continuum code of 4 through 9.

18 “(B) **URBAN COMMUNITY.**—The term
 19 ‘urban community’ means a community that
 20 has a rural-urban continuum code of 0 through
 21 3.

22 “(3) **COMMUNITY ECONOMIC DEVELOPMENT CO-**
 23 **ORDINATING COMMITTEE.**—The term ‘Community
 24 Economic Development Coordinating Committee’
 25 means a community group established under section
 26 274 that consists of major groups significantly af-

1 fected by an increase in imports or a shift in produc-
2 tion, including local, regional, tribal, and State gov-
3 ernments, regional councils of governments and eco-
4 nomic development, and business, labor, education,
5 health, religious, and other community-based organi-
6 zations.

7 “(4) DIRECTOR.—The term ‘Director’ means
8 the Director of the Office of Community Trade Ad-
9 justment.

10 “(5) ELIGIBLE COMMUNITY.—The term ‘eligible
11 community’ means a community certified under sec-
12 tion 273 as eligible for assistance under this chap-
13 ter.

14 “(6) JOB LOSS.—The term ‘job loss’ means the
15 total or partial separation of an individual, as those
16 terms are defined in section 221.

17 “(7) OFFICE.—The term ‘Office’ means the Of-
18 fice of Community Trade Adjustment established
19 under section 272.

20 “(8) RURAL-URBAN CONTINUUM CODE.—The
21 term ‘rural-urban continuum code’ means a code as-
22 signed to a community according to the rural-urban
23 continuum code system, as defined by the Economic
24 Research Service of the Department of Agriculture.

1 “(9) SECRETARY.—The term ‘Secretary’ means
2 the Secretary of Commerce.

3 **“SEC. 272. OFFICE OF COMMUNITY TRADE ADJUSTMENT.**

4 “(a) ESTABLISHMENT.—Within 6 months of the date
5 of the enactment of the Right Time to Reinvest in Amer-
6 ica’s Competitiveness and Knowledge Act, there shall be
7 established in the Economic Development Administration
8 of the Department of Commerce an Office of Community
9 Trade Adjustment.

10 “(b) PERSONNEL.—The Office shall be headed by a
11 Director, and shall have such staff as may be necessary
12 to carry out the responsibilities described in this chapter.

13 “(c) COORDINATION OF FEDERAL RESPONSE.—The
14 Office shall—

15 “(1) provide leadership, support, and coordina-
16 tion for a comprehensive management program to
17 address economic dislocation in eligible communities;

18 “(2) establish an easily accessible, one-stop
19 clearinghouse for States and eligible communities to
20 obtain information regarding economic development
21 assistance available under Federal law;

22 “(3) coordinate the Federal response to an eli-
23 gible community—

24 “(A) by identifying all Federal, State, and
25 local resources that are available to assist the

1 eligible community in recovering from economic
2 distress;

3 “(B) by ensuring that all Federal agencies
4 offering assistance to an eligible community do
5 so in a targeted, integrated manner that en-
6 sures that an eligible community has access to
7 all available Federal assistance;

8 “(C) by assuring timely consultation and
9 cooperation between Federal, State, and re-
10 gional officials concerning community economic
11 adjustment;

12 “(D) by identifying and strengthening ex-
13 isting agency mechanisms designed to assist
14 communities in economic adjustment and work-
15 force reemployment;

16 “(E) by applying consistent policies, prac-
17 tices, and procedures in the administration of
18 Federal programs that are used to assist com-
19 munities adversely impacted by an increase in
20 imports or a shift in production;

21 “(F) by creating, maintaining, and using a
22 uniform economic database to analyze commu-
23 nity adjustment activities; and

1 “(G) by assigning a community economic
2 adjustment advisor to work with each eligible
3 community;

4 “(4) provide comprehensive technical assistance
5 to any eligible community in the efforts of that com-
6 munity to—

7 “(A) identify serious economic problems in
8 the community that result from an increase in
9 imports or shift in production;

10 “(B) integrate the major groups and orga-
11 nizations significantly affected by the economic
12 adjustment;

13 “(C) organize a Community Economic De-
14 velopment Coordinating Committee;

15 “(D) access Federal, State, and local re-
16 sources designed to assist in economic develop-
17 ment and trade adjustment assistance;

18 “(E) diversify and strengthen the commu-
19 nity economy; and

20 “(F) develop a community-based strategic
21 plan to address workforce dislocation and eco-
22 nomic development;

23 “(5) establish specific criteria for submission
24 and evaluation of a strategic plan submitted under
25 section 276(d);

1 “(6) administer the grant programs established
2 under sections 276 and 277; and

3 “(7) establish an interagency Trade Adjustment
4 Assistance Working Group, consisting of the rep-
5 resentatives of any Federal department or agency
6 with responsibility for economic adjustment assist-
7 ance, including the Department of Agriculture, the
8 Department of Defense, the Department of Edu-
9 cation, the Department of Labor, the Department of
10 Housing and Urban Development, the Department
11 of Health and Human Services, the Small Business
12 Administration, the Department of the Treasury, the
13 Department of Commerce, the Office of the United
14 States Trade Representative, and the National Eco-
15 nomic Council.

16 “(d) WORKING GROUP.—The working group estab-
17 lished under subsection (c)(7) shall examine other options
18 for addressing trade impacts on communities, such as:

19 “(1) Seeking legislative language directing the
20 Foreign Trade Zone (‘FTZ’) Board to expedite con-
21 sideration of FTZ applications from communities or
22 businesses that have been found eligible for trade
23 adjustment assistance.

1 “(2) Seeking legislative language to make new
2 markets tax credits available in communities im-
3 pacted by trade.

4 “(3) Seeking legislative language to make work
5 opportunity tax credits available for hiring unem-
6 ployed workers who are certified eligible for trade
7 adjustment assistance.

8 “(4) Examining ways to assist trade impacted
9 rural communities and industries take advantage of
10 the Department of Agriculture’s rural development
11 program.

12 **“SEC. 273. NOTIFICATION AND CERTIFICATION AS AN ELI-**
13 **GIBLE COMMUNITY.**

14 “(a) NOTIFICATION.—The Secretary of Labor, not
15 later than 15 days after making a determination that a
16 group of workers is eligible for trade adjustment assist-
17 ance under section 231, shall notify the Governor of the
18 State in which the community in which the worker’s firm
19 is located and the Director, of the Secretary’s determina-
20 tion.

21 “(b) CERTIFICATION.—Not later than 30 days after
22 notification by the Secretary of Labor described in sub-
23 section (a), the Director shall certify as eligible for assist-
24 ance under this chapter a community in which 1 of the
25 following conditions applies:

1 “(1) NUMBER OF JOB LOSSES.—The Director
2 shall certify that a community is eligible for assist-
3 ance under this chapter if—

4 “(A) in an urban community, at least 500
5 workers have been certified for assistance under
6 section 231 in the most recent 36-month period
7 preceding the date of certification under this
8 section for which data are available; or

9 “(B) in a rural community, at least 300
10 workers have been certified for assistance under
11 section 231 in the most recent 36-month period
12 preceding the date of certification under this
13 section for which data are available.

14 “(2) PERCENT OF WORKFORCE UNEM-
15 PLOYED.—The Director shall certify that a commu-
16 nity is eligible for assistance under this chapter if
17 the unemployment rate for the community is at least
18 1 percent greater than the national unemployment
19 rate for the most recent 12-month period for which
20 data are available.

21 “(c) NOTIFICATION TO ELIGIBLE COMMUNITIES.—
22 Not later than 15 days after the Director certifies a com-
23 munity as eligible under subsection (b), the Director shall
24 notify the community—

25 “(1) of its determination under subsection (b);

1 “(2) of the provisions of this chapter;

2 “(3) how to access the clearinghouse established
3 under section 272(c)(2); and

4 “(4) how to obtain technical assistance provided
5 under section 272(c)(4).

6 **“SEC. 274. COMMUNITY ECONOMIC DEVELOPMENT COORDI-**
7 **NATING COMMITTEE.**

8 “(a) ESTABLISHMENT.—In order to apply for and re-
9 ceive benefits under this chapter, an eligible community
10 shall establish a Community Economic Development Co-
11 ordinating Committee certified by the Director as meeting
12 the requirements of subsection (b)(1).

13 “(b) COMPOSITION OF THE COMMITTEE.—

14 “(1) LOCAL PARTICIPATION.—The Community
15 Economic Development Coordinating Committee es-
16 tablished by an eligible community under subsection
17 (a) shall include representatives of those groups sig-
18 nificantly affected by economic dislocation, such as
19 local, regional, tribal, and State governments, re-
20 gional councils of governments and economic devel-
21 opment, business, labor, education, health organiza-
22 tions, religious, and other community-based groups
23 providing assistance to workers, their families, and
24 communities.

1 “(2) FEDERAL PARTICIPATION.—Pursuant to
2 section 275(b)(3), the community economic adjust-
3 ment advisor, assigned by the Director to assist an
4 eligible community, shall serve as an ex officio mem-
5 ber of the Community Economic Development Co-
6 ordinating Committee, and shall arrange for partici-
7 pation by representatives of other Federal agencies
8 on that Committee as necessary.

9 “(3) EXISTING ORGANIZATION.—An eligible
10 community may designate an existing organization
11 in that community as the Community Economic De-
12 velopment Coordinating Committee if that organiza-
13 tion meets the requirements of paragraph (1) for the
14 purposes of this chapter.

15 “(c) DUTIES.—The Community Economic Develop-
16 ment Coordinating Committee shall—

17 “(1) ascertain the severity of the community
18 economic adjustment required as a result of the in-
19 crease in imports or shift in production;

20 “(2) assess the capacity of the community to
21 respond to the required economic adjustment and
22 the needs of the community as it undertakes eco-
23 nomic adjustment, taking into consideration such
24 factors as the number of jobs lost, the size of the
25 community, the diversity of industries, the skills of

1 the labor force, the condition of the current labor
2 market, the availability of financial resources, the
3 quality and availability of educational facilities, the
4 adequacy and availability of public services, and the
5 existence of a basic and advanced infrastructure in
6 the community;

7 “(3) facilitate a dialogue between concerned in-
8 terests in the community, represent the impacted
9 community, and ensure all interests in the commu-
10 nity work collaboratively toward collective goals
11 without duplication of effort or resources;

12 “(4) oversee the development of a strategic plan
13 for community economic development, taking into
14 consideration the factors mentioned under para-
15 graph (2), and consistent with the criteria estab-
16 lished by the Secretary for the strategic plan devel-
17 oped under section 276;

18 “(5) create an executive council of members of
19 the Community Economic Development Coordinating
20 Committee, which shall include representatives of
21 labor, employers, and community organizations, to
22 promote the strategic plan within the community
23 and ensure coordination and cooperation among all
24 stakeholders;

1 “(6) apply for any grant, loan, or loan guar-
2 antee available under Federal law to develop or im-
3 plement the strategic plan, and be an eligible recipi-
4 ent for funding for economic adjustment for that
5 community; and

6 “(7) assess the impact on public services in the
7 community as a result of economic dislocation.

8 **“SEC. 275. COMMUNITY ECONOMIC ADJUSTMENT ADVI-**
9 **SORS.**

10 “(a) IN GENERAL.—Pursuant to section
11 272(c)(3)(G), the Director shall assign a community eco-
12 nomic adjustment advisor to each eligible community.

13 “(b) DUTIES.—The community economic adjustment
14 advisor shall—

15 “(1) provide technical assistance to the eligible
16 community, assist in the development and implemen-
17 tation of a strategic plan, including applying for any
18 grant available under this or any other Federal law
19 to develop or implement that plan;

20 “(2) at the local and regional level, coordinate
21 the response of all Federal agencies offering assist-
22 ance to the eligible community;

23 “(3) serve as an ex officio member of the Com-
24 munity Economic Development Coordinating Com-

1 mittee established by an eligible community under
2 section 274;

3 “(4) act as liaison between the Community Eco-
4 nomic Development Coordinating Committee estab-
5 lished by the eligible community and all other Fed-
6 eral agencies that offer assistance to eligible commu-
7 nities, including the Department of Agriculture, the
8 Department of Defense, the Department of Edu-
9 cation, the Department of Labor, the Department of
10 Housing and Urban Development, the Department of
11 Health and Human Services, the Small Business Ad-
12 ministration, the Department of the Treasury, the
13 National Economic Council, and other offices or
14 agencies of the Department of Commerce;

15 “(5) report regularly to the Director regarding
16 the progress of development activities in the commu-
17 nity to which the community economic adjustment
18 advisor is assigned; and

19 “(6) perform other duties as directed by the
20 Secretary or the Director.

21 **“SEC. 276. STRATEGIC PLANS.**

22 “(a) IN GENERAL.—With the assistance of the com-
23 munity economic adjustment advisor, an eligible commu-
24 nity may develop a strategic plan for community economic
25 adjustment and diversification.

1 “(b) REQUIREMENTS FOR STRATEGIC PLAN.—A
2 strategic plan shall contain, at a minimum, the following:

3 “(1) A description and justification of the ca-
4 pacity for economic adjustment, including the meth-
5 od of financing to be used, the anticipated manage-
6 ment structure of the Community Economic Devel-
7 opment Coordinating Committee, and the commit-
8 ment of the community to the strategic plan over the
9 long term.

10 “(2) A description of, and a plan to accomplish,
11 the projects to be undertaken by the eligible commu-
12 nity.

13 “(3) A description of how the plan and the
14 projects to be undertaken by the eligible community
15 will lead to job creation and job retention in the
16 community.

17 “(4) A description of any alternative develop-
18 ment plans that were considered, particularly less
19 costly alternatives, and why those plans were re-
20 jected in favor of the proposed plan.

21 “(5) A description of any additional steps the
22 eligible community will take to achieve economic ad-
23 justment and diversification, including how the plan
24 and the projects will contribute to establishing or

1 maintaining a level of public services necessary to
2 attract and retain economic investment.

3 “(6) A description and justification for the cost
4 and timing of proposed basic and advanced infra-
5 structure improvements in the eligible community.

6 “(7) A description of the occupational and
7 workforce conditions in the eligible community, in-
8 cluding but not limited to existing levels of work-
9 force skills and competencies, and educational pro-
10 grams available for workforce training and future
11 employment needs.

12 “(8) A description of how the plan will adapt to
13 changing markets, business cycles, and other vari-
14 ables.

15 “(9) A graduation strategy through which the
16 eligible community demonstrates that the community
17 will terminate the need for Federal assistance.

18 “(10) A description of the ways in which the
19 community will support labor-management partner-
20 ships.

21 “(11) A description of the strategies that will
22 be used to support a level of public service needed
23 to attract and retain investment.

24 “(12) A description of ways in which the com-
25 munity will support labor-management partnerships.

1 “(13) A description of the strategies that will
2 be used to support a level of public service needed
3 to retain and attract investment.

4 “(c) GRANTS TO DEVELOP STRATEGIC PLANS.—

5 “(1) IN GENERAL.—The Director, upon receipt
6 of an application from a Community Economic De-
7 velopment Coordinating Committee on behalf of an
8 eligible community, shall award a grant to that com-
9 munity to be used to develop the strategic plan.

10 “(2) AMOUNT.—The amount of a grant made
11 under paragraph (1) shall be determined by the Sec-
12 retary, but may not exceed \$50,000 to each commu-
13 nity.

14 “(3) LIMIT.—Each community can only receive
15 1 grant under this subsection for the purpose of de-
16 veloping a strategic plan in any 5-year period.

17 “(d) SUBMISSION OF PLAN.—A strategic plan devel-
18 oped under subsection (a) shall be submitted to the Direc-
19 tor for evaluation and approval.

20 **“SEC. 277. GRANTS FOR ECONOMIC DEVELOPMENT.**

21 “The Director, upon receipt of an application from
22 the Community Economic Development Coordinating
23 Committee on behalf of an eligible community, may award
24 a grant to that community to carry out any project or

1 program included in the strategic plan approved under
2 section 276(d) that—

3 “(1) will be located in, or will create or preserve
4 high-wage jobs, in that eligible community;

5 “(2) implements the strategy of that eligible
6 community to create high-wage jobs in sectors that
7 are expected to expand, including projects that—

8 “(A) encourage industries to locate in that
9 eligible community, if such funds are not used
10 to encourage the relocation of any employer in
11 a manner that causes the dislocation of employ-
12 ees of that employer at another facility in the
13 United States;

14 “(B) leverage resources to create or im-
15 prove Internet or telecommunications capabili-
16 ties to make the community more attractive for
17 business;

18 “(C) establish a funding pool for job cre-
19 ation through entrepreneurial activities;

20 “(D) assist existing firms in that commu-
21 nity to restructure or retool to become more
22 competitive in world markets and prevent job
23 loss; or

24 “(E) assist the community in acquiring the
25 resources and providing the level of public serv-

1 ices necessary to meet the objectives set out in
2 the strategic plan;

3 “(3) gives priority to community efforts that
4 support labor-management partnerships and regional
5 and sectoral strategies for skill development and job
6 creation; and

7 “(4) assists and supports a level of public serv-
8 ice needed to attract and retain investment.

9 **“SEC. 278. AUTHORIZATION OF APPROPRIATIONS.**

10 “There are authorized to be appropriated to the De-
11 partment of Commerce, for the period beginning on Octo-
12 ber 1, 2006 and ending September 30, 2016 such sums
13 as may be necessary to carry out the purposes of this
14 chapter.

15 **“SEC. 279. GENERAL PROVISIONS.**

16 “(a) REPORT BY THE DIRECTOR.—Not later than 6
17 months after the date of the enactment of the Right Time
18 to Reinvest in America’s Competitiveness and Knowledge
19 Act, and annually thereafter, the Director shall submit to
20 the Committee on Finance of the Senate and the Com-
21 mittee on Ways and Means of the House of Representa-
22 tives a report regarding the programs established under
23 this chapter.

1 “(b) REGULATIONS.—The Secretary shall prescribe
2 such regulations as are necessary to carry out the provi-
3 sions of this chapter.

4 “(c) SUPPLEMENT NOT SUPPLANT.—Funds appro-
5 priated under this chapter shall be used to supplement and
6 not supplant other Federal, State, and local public funds
7 expended to provide economic development assistance for
8 communities.”.

9 **SEC. 5233. TERMINATION.**

10 Section 285(b) of the Trade Act of 1974 (19 U.S.C.
11 2271 note) is amended by adding at the end the following:

12 “(3) ASSISTANCE FOR COMMUNITIES.—Tech-
13 nical assistance and other payments may not be pro-
14 vided under chapter 4 after September 30, 2016.”.

15 **SEC. 5234. CONFORMING AMENDMENTS.**

16 The table of contents for chapter 4 of title II of the
17 Trade Act of 1974 is amended to read as follows:

 “CHAPTER 4—COMMUNITY ECONOMIC ADJUSTMENT

 “Sec. 271. Definitions.

 “Sec. 272. Office of Community Trade Adjustment.

 “Sec. 273. Notification and certification as an eligible community.

 “Sec. 274. Community Economic Development Coordinating Committee.

 “Sec. 275. Community economic adjustment advisors.

 “Sec. 276. Strategic plans.

 “Sec. 277. Grants for economic development.

 “Sec. 278. Authorization of appropriations.

 “Sec. 279. General provisions.”.

1 **CHAPTER 4—AGREEMENTS WITH STATES**

2 **SEC. 5241. AGREEMENTS WITH STATES.**

3 Section 239(a) of the Trade Act of 1974 (19 U.S.C.
4 2311(a)) is amended by striking “and (4)” and inserting
5 “(4) will use personnel standards on a merit basis in the
6 administration of services and payment of benefits to ad-
7 versely affected workers under this chapter, and (5)”.

8 **TITLE VI—MODERNIZATION OF** 9 **LABOR AND EMPLOYMENT LAWS**

10 **Subtitle A—Protecting Workers’** 11 **Right To Organize**

12 **SEC. 6101. SHORT TITLE.**

13 This subtitle may be cited as the “Employee Free
14 Choice Act”.

15 **SEC. 6102. STREAMLINING UNION CERTIFICATION.**

16 (a) IN GENERAL.—Section 9(c) of the National
17 Labor Relations Act (29 U.S.C. 159(c)) is amended by
18 adding at the end the following:

19 “(6) Notwithstanding any other provision of this sec-
20 tion, whenever a petition shall have been filed by an em-
21 ployee or group of employees or any individual or labor
22 organization acting in their behalf alleging that a majority
23 of employees in a unit appropriate for the purposes of col-
24 lective bargaining wish to be represented by an individual
25 or labor organization for such purposes, the Board shall

1 investigate the petition. If the Board finds that a majority
 2 of the employees in a unit appropriate for bargaining has
 3 signed authorizations designating the individual or labor
 4 organization specified in the petition as their bargaining
 5 representative and that no other individual or labor orga-
 6 nization is currently certified or recognized as the exclu-
 7 sive representative of any of the employees in the unit,
 8 the Board shall not direct an election but shall certify the
 9 individual or labor organization as the representative de-
 10 scribed in subsection (a).

11 “(7) The Board shall develop guidelines and proce-
 12 dures for the designation by employees of a bargaining
 13 representative in the manner described in paragraph (6).
 14 Such guidelines and procedures shall include—

15 “(A) model collective bargaining authorization
 16 language that may be used for purposes of making
 17 the designations described in paragraph (6); and

18 “(B) procedures to be used by the Board to es-
 19 tablish the authenticity of signed authorizations des-
 20 ignating bargaining representatives.”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) NATIONAL LABOR RELATIONS BOARD.—Sec-
 23 tion 3(b) of the National Labor Relations Act (29
 24 U.S.C. 153(b)) is amended, in the second sentence—

1 (A) by striking “and to” and inserting
2 “to”; and

3 (B) by striking “and certify the results
4 thereof,” and inserting “, and to issue certifi-
5 cations as provided for in that section,”.

6 (2) UNFAIR LABOR PRACTICES.—Section 8(b)
7 of the National Labor Relations Act (29 U.S.C.
8 158(b)) is amended—

9 (A) in paragraph (7)(B), by striking “, or”
10 and inserting “or a petition has been filed
11 under section 9(c)(6), or”; and

12 (B) in paragraph (7)(C), by striking
13 “when such a petition has been filed” and in-
14 serting “when such a petition other than a peti-
15 tion under section 9(c)(6) has been filed”.

16 **SEC. 6103. FACILITATING INITIAL COLLECTIVE BAR-**
17 **GAINING AGREEMENTS.**

18 Section 8 of the National Labor Relations Act (29
19 U.S.C. 158) is amended by adding at the end the fol-
20 lowing:

21 “(h) Whenever collective bargaining is for the pur-
22 pose of establishing an initial agreement following certifi-
23 cation or recognition, the provisions of subsection (d) shall
24 be modified as follows:

1 “(1) Not later than 10 days after receiving a
2 written request for collective bargaining from an in-
3 dividual or labor organization that has been newly
4 organized or certified as a representative as defined
5 in section 9(a), or within such further period as the
6 parties agree upon, the parties shall meet and com-
7 mence to bargain collectively and shall make every
8 reasonable effort to conclude and sign a collective
9 bargaining agreement.

10 “(2) If after the expiration of the 90-day period
11 beginning on the date on which bargaining is com-
12 menced, or such additional period as the parties may
13 agree upon, the parties have failed to reach an
14 agreement, either party may notify the Federal Me-
15 diation and Conciliation Service of the existence of
16 a dispute and request mediation. Whenever such a
17 request is received, it shall be the duty of the Service
18 promptly to put itself in communication with the par-
19 ties and to use its best efforts, by mediation and con-
20 ciliation, to bring them to agreement.

21 “(3) If after the expiration of the 30-day period
22 beginning on the date on which the request for me-
23 diation is made under paragraph (2), or such addi-
24 tional period as the parties may agree upon, the
25 Service is not able to bring the parties to agreement

1 by conciliation, the Service shall refer the dispute to
 2 an arbitration board established in accordance with
 3 such regulations as may be prescribed by the Serv-
 4 ice. The arbitration panel shall render a decision set-
 5 tling the dispute and such decision shall be binding
 6 upon the parties for a period of 2 years, unless
 7 amended during such period by written consent of
 8 the parties.”.

9 **SEC. 6104. STRENGTHENING ENFORCEMENT.**

10 (a) INJUNCTIONS AGAINST UNFAIR LABOR PRAC-
 11 TICES DURING ORGANIZING DRIVES.—

12 (1) IN GENERAL.—Section 10(l) of the National
 13 Labor Relations Act (29 U.S.C. 160(l)) is amend-
 14 ed—

15 (1) in the second sentence, by striking “If, after
 16 such” and inserting the following:

17 “(2) If, after such”; and

18 (2) by striking the first sentence and inserting
 19 the following:

20 “(1) Whenever it is charged—

21 “(A) that any employer—

22 “(i) discharged or otherwise discriminated
 23 against an employee in violation of subsection
 24 (a)(3) of section 8;

1 “(ii) threatened to discharge or to other-
2 wise discriminate against an employee in viola-
3 tion of subsection (a)(1) of section 8; or

4 “(iii) engaged in any other unfair labor
5 practice within the meaning of subsection (a)(1)
6 that significantly interferes with, restrains, or
7 coerces employees in the exercise of the rights
8 guaranteed in section 7;

9 while employees of that employer were seeking rep-
10 resentation by a labor organization or during the pe-
11 riod after a labor organization was recognized as a
12 representative defined in section 9(a) until the first
13 collective bargaining contract is entered into between
14 the employer and the representative; or

15 “(B) that any person has engaged in an unfair
16 labor practice within the meaning of subparagraph
17 (A), (B), or (C) of section 8(b)(4), section 8(e), or
18 section 8(b)(7);

19 the preliminary investigation of such charge shall be made
20 forthwith and given priority over all other cases except
21 cases of like character in the office where it is filed or
22 to which it is referred.”.

23 (2) CONFORMING AMENDMENT.—Section 10(m)
24 of the National Labor Relations (29 U.S.C. 160(m))

1 is amended by inserting “under circumstances not
2 subject to section 10(l)” after “section 8”.

3 (b) REMEDIES FOR VIOLATIONS.—

4 (1) BACKPAY.—Section 10(c) of the National
5 Labor Relations Act (29 U.S.C. 160(c)) is amended
6 by striking “*And provided further,*” and inserting
7 “*Provided further,* That if the Board finds that an
8 employer has discriminated against an employee in
9 violation of subsection (a)(3) of section 8 while em-
10 ployees of the employer were seeking representation
11 by a labor organization, or during the period after
12 a labor organization was recognized as a representa-
13 tive defined in subsection (a) of section 9 until the
14 first collective bargaining contract was entered into
15 between the employer and the representative, the
16 Board in such order shall award the employee back
17 pay and, in addition, 2 times that amount as liq-
18 uidated damages: *Provided further,*”.

19 (2) CIVIL PENALTIES.—Section 12 of the Na-
20 tional Labor Relations Act (29 U.S.C. 162) is
21 amended—

22 (A) by striking “Any” and inserting “(a)
23 Any”; and

24 (B) by adding at the end the following:

1 “(b) Any employer who willfully or repeatedly com-
 2 mits any unfair labor practice within the meaning of sub-
 3 section (a)(1) or (a)(3) of section 8 while employees of
 4 the employer are seeking representation by a labor organi-
 5 zation or during the period after a labor organization has
 6 been recognized as a representative defined in subsection
 7 (a) of section 9 until the first collective bargaining con-
 8 tract is entered into between the employer and the rep-
 9 resentative shall, in addition to any make-whole remedy
 10 ordered, be subject to a civil penalty of not to exceed
 11 \$20,000 for each violation. In determining the amount of
 12 any penalty under this section, the Board shall consider
 13 the gravity of the unfair labor practice and the impact
 14 of the unfair labor practice on the charging party, on other
 15 persons seeking to exercise rights guaranteed by this Act,
 16 or on the public interest.”.

17 **Subtitle B—Raising the Federal** 18 **Minimum Wage**

19 **SEC. 6201. SHORT TITLE.**

20 This subtitle may be cited as the “Fair Minimum
 21 Wage Act of 2006”.

22 **SEC. 6202. MINIMUM WAGE.**

23 (a) IN GENERAL.—Section 6(a)(1) of the Fair Labor
 24 Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended
 25 to read as follows:

1 “(1) except as otherwise provided in this sec-
2 tion, not less than—

3 “(A) \$5.85 an hour, beginning on the 60th
4 day after the date of enactment of the Fair
5 Minimum Wage Act of 2006;

6 “(B) \$6.55 an hour, beginning 12 months
7 after that 60th day; and

8 “(C) \$7.25 an hour, beginning 24 months
9 after that 60th day;”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 subsection (a) shall take effect 60 days after the date of
12 enactment of this Act.

13 **SEC. 6203. APPLICABILITY OF MINIMUM WAGE TO THE**
14 **COMMONWEALTH OF THE NORTHERN MAR-**
15 **IANA ISLANDS.**

16 (a) IN GENERAL.—Section 6 of the Fair Labor
17 Standards Act of 1938 (29 U.S.C. 206) shall apply to the
18 Commonwealth of the Northern Mariana Islands.

19 (b) TRANSITION.—Notwithstanding subsection (a),
20 the minimum wage applicable to the Commonwealth of the
21 Northern Mariana Islands under section 6(a)(1) of the
22 Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1))
23 shall be—

24 (1) \$3.55 an hour, beginning on the 60th day
25 after the date of enactment of this Act; and

(2) increased by \$0.50 an hour (or such lesser amount as may be necessary to equal the minimum wage under such section 6(a)(1)), beginning 6 months after the date of enactment of this Act and every 6 months thereafter until the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in such section.

Subtitle C—Modernization of Unemployment Insurance

CHAPTER 1—IMPROVEMENTS IN REG- ULAR UNEMPLOYMENT COMPENSA- TION

SEC. 6311. PART-TIME AND LOW-WAGE WORKERS.

Section 3304(a) of the Internal Revenue Code of 1986 (relating to requirements for State unemployment compensation laws) is amended—

(1) in paragraph (18), by striking “and” at the end;

(2) by redesignating paragraph (19) as paragraph (21); and

(3) by inserting after paragraph (18) the following new paragraphs:

“(19) in the case of an individual who is not eligible for regular compensation under the State law

1 because such individual does not meet requirements
 2 relating to availability for work, active search for
 3 work, or refusal to accept work, because such indi-
 4 vidual is seeking, or is available for, less than full-
 5 time work, compensation is not denied by such State
 6 to an otherwise eligible individual who seeks less
 7 than full-time work or fails to accept full-time work;

8 “(20) in the case of an individual who is not eli-
 9 gible for regular compensation under the State law
 10 because of the use of a definition of base period that
 11 does not count wages earned in the most recently
 12 completed calendar quarter, eligibility for compensa-
 13 tion is determined by applying a base period ending
 14 at the close of the most recently completed calendar
 15 quarter; and”.

16 **SEC. 6312. NO REDUCTION IN UNEMPLOYMENT COMPENSA-**
 17 **TION AS A RESULT OF PENSION ROLLOVERS.**

18 (a) IN GENERAL.—Section 3304(a) of the Internal
 19 Revenue Code of 1986 (relating to requirements for State
 20 unemployment compensation laws) is amended by adding
 21 at the end the following new flush sentence:

22 “Compensation shall not be reduced under paragraph (15)
 23 for any pension, retirement or retired pay, annuity, or
 24 similar payment which is not includible in gross income

1 of the individual for the taxable year in which paid because
 2 it was part of a rollover distribution.”

3 **CHAPTER 2—IMPROVEMENTS TO THE**
 4 **FEDERAL-STATE EXTENDED UNEM-**
 5 **EMPLOYMENT COMPENSATION PROGRAM**

6 **SEC. 6321. LOWERING OF EXTENDED BENEFIT “ON” INDI-**
 7 **CATOR.**

8 (a) **REGULAR TRIGGERS.**—Section 203(d) of the
 9 Federal-State Extended Unemployment Compensation Act
 10 of 1970 (26 U.S.C. 3304 note) is amended—

11 (1) in paragraph (1)(B), by striking “5 per cen-
 12 tum” and inserting “4 percent”; and

13 (2) in the matter following paragraph (2), by
 14 striking “the figure ‘5’ contained in subparagraph
 15 (B) thereof were ‘6’;” and inserting “the figure ‘4’
 16 contained in subparagraph (B) thereof were ‘5’;”.

17 (b) **ADDITIONAL TRIGGER.**—Section 203(f)(1) of the
 18 Federal-State Extended Unemployment Compensation Act
 19 of 1970 (26 U.S.C. 3304 note) is amended—

20 (1) in the matter preceding subparagraph (A),
 21 by striking “Effective with respect to compensation
 22 for weeks of unemployment beginning after March 6,
 23 1993, the State may by law provide that for pur-
 24 poses of beginning or ending any extended benefit
 25 period under this section” and inserting “Each State

1 shall by law provide that for purposes of beginning
2 or ending any extended benefit period under this
3 section”; and

4 (2) in subparagraph (A)(i), by striking “6.5”
5 and inserting “6”.

6 (c) HIGH UNEMPLOYMENT PERIOD TRIGGER.—Sec-
7 tion 202(b)(3)(B) of the Federal-State Extended Unem-
8 ployment Compensation Act of 1970 (26 U.S.C. 3304
9 note) is amended by striking “substituting ‘8 percent’ for
10 ‘6.5 percent’.” and inserting “substituting ‘7.5 percent’
11 for ‘6 percent’.”

12 (d) CONFORMING AND TECHNICAL AMENDMENTS.—

13 (1) The matter following paragraph (2) of sec-
14 tion 203(d) of the Federal-State Extended Unem-
15 ployment Compensation Act of 1970 (26 U.S.C.
16 3304 note) is amended by striking “Effective with
17 respect to compensation for weeks of unemployment
18 beginning after March 30, 1977 (or, if later, the
19 date established pursuant to State law), the State”
20 and inserting “A State”.

21 (2) Section 207 of the Federal-State Extended
22 Unemployment Compensation Act of 1970 (26
23 U.S.C. 3304 note) is repealed.

24 (3) The heading of subsection (f) of section 203
25 of the Federal-State Extended Unemployment Com-

1 pensation Act of 1970 (26 U.S.C. 3304 note) is
2 amended to read as follows:

3 “Additional Trigger”.

4 **SEC. 6322. REVISION OF DEFINITION OF RATE OF INSURED**
5 **UNEMPLOYMENT.**

6 (a) IN GENERAL.—Section 203(e)(1) of the Federal-
7 State Extended Unemployment Compensation Act of 1970
8 (26 U.S.C. 3304 note) is amended by adding at the end
9 the following new paragraph:

10 “(3) Notwithstanding paragraph (1), the term
11 ‘rate of insured unemployment’ shall have the mean-
12 ing given that term under paragraph (1), except that
13 each individual exhausting the right of such indi-
14 vidual to regular compensation during the most re-
15 cent 3 calendar months for which data are available
16 before the close of the period for which such rate is
17 being determined shall be taken into account as if
18 each such individual was filing a claim for regular
19 compensation for each week during the period for
20 which such rate is being determined.”.

21 **SEC. 6323. REPEAL OF CERTAIN STATE LAW EXTENDED**
22 **BENEFIT REQUIREMENTS.**

23 (a) IN GENERAL.—Section 202 of the Federal-State
24 Extended Unemployment Compensation Act of 1970 (26
25 U.S.C. 3304 note) is amended—

1 (1) in subsection (a), by striking paragraphs
2 (3) through (7); and

3 (2) by striking subsection (c).

4 (b) CONFORMING AMENDMENT.—Paragraph (4) of
5 section 231(a) of the Trade Act of 1974 (19 U.S.C.
6 2291(a)(4)) is repealed.

7 **CHAPTER 3—EFFECTIVE DATE**

8 **SEC. 6331. EFFECTIVE DATE.**

9 (a) IN GENERAL.—Except as provided in subsection
10 (b), the amendments made by this subtitle shall apply in
11 the case of compensation paid for weeks beginning on or
12 after the expiration of 180 days from the date of enact-
13 ment of this Act.

14 (b) EXTENSION OF EFFECTIVE DATE FOR STATE
15 LAW AMENDMENT.—

16 (1) IN GENERAL.—If the Secretary of Labor
17 identifies a State as requiring a change to its stat-
18 utes or regulations in order to comply with the
19 amendments made by this subtitle, such amend-
20 ments shall apply in the case of compensation paid
21 for weeks beginning after the earlier of—

22 (A) the date the State changes its statutes
23 or regulations in order to comply with such
24 amendments; or

1 (B) the end of the first session of the State
2 legislature which begins after the date of enact-
3 ment of this Act or which began prior to such
4 date and remained in session for at least 25
5 calendar days after such date;
6 except that in no case shall such amendments
7 apply before the date that is 180 days after the
8 date of enactment of this Act.

9 (2) SESSION DEFINED.—In this subsection, the
10 term “session” means a regular, special, budget, or
11 other session of a State legislature.

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